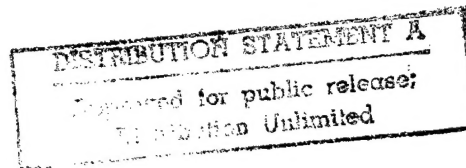


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12 March 1986

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INTER-AMERICAN AFFAIRS

BELIZE REQUESTS DIRECT TALKS WITH GUATEMALA

Guatemala City PRENSA LIBRE in Spanish 23 Dec 85 p 8

[Article by Alvaro Galvez Mis: "Esquivel Wants to Talk With Cerezo"]

[Text] The government of Belize, headed by mathematics professor Manuel Esquivel, hopes to meet in January with Guatemala's president elect, Vinicio Cerezo, to discuss the future of the disputed territory and reach a final agreement that would end the more than 150-year old controversy.

According to the official Belizean radio station "The Voice of Belize," Esquivel was pleased with the victory of the Christian Democratic Party in Guatemala and he hopes that he can start direct talks with the Guatemalan president-elect, without the involvement of England, to continue negotiations.

Before taking office in December 1984, Prime Minister Esquivel was a staunch opponent of the administration of Mr George Price and was regarded as "anti-Guatemalan." In other words, his political stance was not to negotiate "a single inch of land" with Guatemala.

Nevertheless, his current favors direct negotiations between Belize and Guatemala, that is to say, without the presence of England, as was the case in the past.

Esquivel says that more than anything else his administration wants to see the so-called points of agreement signed in March 1981 in London honored. Among the most important points are an outlet to the Caribbean for Guatemala, use and enjoyment of the Zapotillo and Renguana keys, a cooperation treaty between the two countries, and arrangements for Guatemalans to use the port in the disputed territory for trade purposes.

Belize's home affairs minister, Dean Lindo, feels that the use and enjoyment of the Zapotillo and Renguana keys does not mean that Guatemala can build hotels there, much less military bases.

In other words, Guatemalan tourists can head for the seashore, swim in the morning and return that afternoon. Belize would continue to have sovereignty over the keys.

On his recent trip to Costa Rica, Esquivel stated that he would "soon seek a rapprochement with President-elect Vinicio Cerezo to initiate a different and specific dialogue to look for answers to Guatemala's claims."

Guatemalan governments have so far held firm to a position of "not negotiating with Belize because they do not recognize the territory as a State."

At the recent special assembly of the OAS in Cartagena de Indias, Colombia, the Caribbean communities, through Costa Rica, moved to amend Article 8, which prevents countries with territorial claims against them from joining the organization.

The Guatemalan delegation, headed by Foreign Minister Fernando Andrade Diaz-Duran, opposed the amendments, and discussion of them was postponed for up to 5 years.

The chief of state, General Mejia Victores, said that "a great many things can happen in 5 years," adding that his government would uphold to the end its firm position of not recognizing Belize as an independent State.

Returning from the OAS meeting, Foreign Minister Andrade stated that Guatemala is flexible and thus it sought to have the discussion of the matter postponed, by consensus, for 5 years.

Christian Democratic Stance

Guatemala's president-elect, Vinicio Cerezo, has often told the national press and foreign correspondents that "Belize is a very different nation from Guatemala; even its customs and language are different."

Taking this into consideration, the Christian Democratic administration will seek an ongoing dialogue with the Belizean authorities to settle the dispute on the basis of more realistic points of view. Also, it has not ruled out the possibility of an eventual direct dialogue with Prime Minister Esquivel.

In a recent interview with PRENSA LIBRE, Rene de Leon Schlotter, who is regarded as the country's future foreign minister, took the same stand as Cerezo Arevalo.

"We are going to continue the negotiations," De Leon said, "and if possible, directly with the government of Belize. We want to enter into negotiations, one of whose main points is to guarantee an outlet to the sea for Guatemala."

"Of course any potential settlement will be put to a referendum," he emphasized, "as provided for in the new constitution of the republic, which takes effect this January."

As far as Belizean politicians are concerned, the leader of the Toledo Progressive Party (PPT), Alejandro Vernon, says that the people of Belize hope

that this longstanding problem can be successfully settled over the next 5 years, which is the term of the Christian Democratic administration.

Vernon is one of the Belizean politicians who for several years have been seeking a rapprochement between Belize and Guatemala and an honorable settlement of their dispute.

The leaders of the United People's Party, which is now in the opposition, say that Esquivel does not have good intentions in recognizing the aforementioned points of agreement.

They feel that there will not be enough time for negotiations because Esquivel's administration is losing popularity owing to the major blunders it made during its first year. They assert that if elections were to be held in the near future, the victory would go to George Price, the loser in the last election, who has now retired to private life.

8743

CSO: 3248/176

GUATEMALA ANNOUNCES ARRANGEMENT FOR COSTA RICAN PAYMENTS

Guatemala City PRENSA LIBRE in Spanish 23 Dec 85 p 2

[Text] The Monetary Board has approved an arrangement under which Costa Rica will pay for its imports from Guatemala on which payment is due up to 31 December 1985. The approval came after the trade problem between the two countries was resolved.

Under the resolution, the Central Bank of Costa Rica will make payment to Guatemalan exporters for goods unpaid for as of 13 December 1985 as soon as the Costa Rican importers submit the corresponding requests and deposit the equivalent in domestic currency of the Central American peso amount of their debts to Guatemalan exporters.

To this end, the Central Bank of Costa Rica will publish notices in the country's newspapers urging Costa Rican companies to make the deposits within 60 days in the Central Bank or in the financial institution that it designates for this purpose.

Every Monday the Costa Rican bank will tell the Bank of Guatemala what companies made deposits, who the Guatemalan payees are, and what the Central American peso equivalents of the deposits are. This report will be the basis for the Bank of Guatemala to clear the export licenses.

The Bank of Guatemala will give notice to domestic exporters and pay them in quetzales. It will use the exchange rate agreed on in the Central American Clearinghouse in the case of exports prior to 16 November 1984. In the case of exports subsequent to that date, it will use the buyer's exchange rate for transactions with Central America that was in effect on the date that notification of payment, issued by the Central Bank of Costa Rica, was received.

The foreign exchange department of the Bank of Guatemala reported in conclusion that it has urged exporters to Costa Rica who have not yet been paid for exports prior to 13 December 1985, to contact their Costa Rican importers and ask them to deposit as soon as possible in the Bank of Costa Rica the equivalent in Costa Rican currency of the Central American pesos that they owe.

8743

CSO: 3248/176

INTER-AMERICAN AFFAIRS

BRIEFS

HAVANA ON DONATION TO BOLIVIA--Bolivian Health Minister Carlos Perez Guzman [name and title as heard] has rejected the attacks from rightist sectors on the cooperation that Cuba is offering Bolivia in the health field. In a statement published in an official information ministry bulletin, Perez Guzman noted that the Ismaelillo Intensive Therapy Ward, donated and installed by Cuba, is performing an important social function and not espionage activities, as EL DIARIO, a pro-U.S. newspaper published in La Paz, has reported as part of a filthy propaganda campaign. This campaign was also repudiated in an article entitled "Thanks a Million, Republic of Cuba," published by the conservative newspaper HOY. HOY praises the Cuban donation because of its quality, its high scientific level, and because of the intention to alleviate the infant mortality rate in Bolivia, which is 200 out of every 1,000 children born alive. HOY states: Any effort aimed at throwing shadows on this cooperation is not only inadmissible, it is also an expression of ungratefulness and irresponsibility by antisocial people who are blinded by their political inclinations. These people want to turn us into ravens that peck on the eyes of those unselfishly helping us. [Text] [Havana International Service in Spanish 1600 GMT 16 Feb 86 PA] /9738

CSO: 3348/420

ACLM ORGAN ASSAILS BUSH REMARKS AT MIAMI CONFERENCE

St Johns OUTLET in English 17 Jan 86 p 8

[Editorial]

[Text]

Another major salvo was fired against the independence and sovereignty of the Caribbean at the recent Miami Conference on the Caribbean. The gunner was none other than the Vice President of the United States, George Bush, who made some trenchant, unfounded and contemptuous remarks to, all people, Caribbean leaders about the Caribbean.

Said Bush, in what American officialdom described as "a blunt speech", and what can only be seen from the Caribbean perspective as ignorance bordering on utter rudeness: "Many countries of the Caribbean Basin have tax rates that far exceed those of the United States." Continuing, Bush said "The high rates of TAXATION deter new investment even though little tax is actually collected."

As everybody knows, U.S. investment in the English speaking Caribbean enjoys unlimited tax holidays. The imposition is rare in the extreme. Invariably, once the tax holiday extended to a U.S. investment in the Caribbean ends, then the U.S. investor sells to another U.S. entre-

preneur who promptly re-applies for "pioneer status". And, even before the new application has reached the appropriate minister, the tax holidays are again extended. And if not extended immediately, the threat of closure and resultant "loss of jobs" brings an instantaneous response re-instituting the tax holidays for another 10, 20 or 50 years. If not that a bribe, known as a "finders fee" would bring the required advantage for the U.S. investor.

What the dickens then was Vice President Bush talking about?

Then said Bush, countries in the Caribbean Basin "should also reduce the overall level of regulation" on U.S. investment in the region.

What was this man talking about. He is definitely in "the bush" insofar as the Caribbean goes. The English-speaking Caribbean is a virtual open sesame for U.S. investment. Apart from unlimited tax holidays, repatriation of profits is equally unlimited in the Caribbean. Work permits are granted to

U.S. business with alarming frequency and often with little justification. Insistence by governments, especially Antigua, that locals be trained to fill posts held by so-called U.S. "experts" is virtually nil.

U.S. investment, in the Caribbean in the main, operates without paying customs duties and waivers of consumption and other taxes are the norm, the rule rather than the exception, for U.S. businesses in the region. What then does Bush want?

Apparently, Bush expects at the very minimum that the Caribbean would open its arms and legs wider to be penetrated ceaselessly by American largesse, and though they already enjoy this prostration, they are still demanding more and more and more CBI has failed. Indeed, it was never intended to work by its U.S. initiators. Thus Bush, with typical hypocrisy, is blaming the Caribbean for the failure of the deliberately still-born CBI.

Despite the fact, that most U.S. investor operate their investments relatively free of Customs duties Bush angrily asserted that "Customs Services are too often extremely inefficient. They create unnecessary delays that strangle trade and choke off the interest of investors".

Note well, that as far as Bush is concerned Caribbean Customs Services, must operate primarily to facilitate U.S. investors, and not Caribbean people.

Secondly, anyone who has even exported anything to the U.S. would know that U.S. customs are the most difficult, complicated to get through - it is a veritable, minifield a labyrinth of regulations. U.S. protectionism erects this Chinese Wall at its Customs, so that it speak free trade and practice the most ruthless protectionism.

The only conclusion that can be arrived at from U.S. Vive President Bush's outburst in Miami, is that the U.S. is impatient with the few remaining signs of Caribbean sovereignty and want them dismantled to the advantage of U.S. business, with the greatest speed.

Given the current Caribbean leadership, the Caribbean stands in real danger of being relegated from U.S. backyard to U.S. garbage dump.

ONLY a genuine CARIBBEAN NATION, embracing the 27 coastal and island nations of the Caribbean, with firm links with Central America can avert this clear and present danger.

/9274

CSO: 3298/310

HECTOR HITS VOTE FRAUD IN CABLE TO GUYANA'S HOYTE

St Johns. OUTLET in English 17 Jan 86 p 1

[Text]

ACLM political leader, Leonard Tim Hector, despatched a cable to President Hoyte of Guyana, deploring the general Elections in Guyana, termed 'SELECTIONS' at a public Meeting held on December 12. On that date the ruling Guyanese PNC which has declared 'paramountcy' over the State and over the electoral process, declared that it had won 228,718 votes out of a total poll of 291,175 votes. Most people in Guyana have characterised the election results as "a statistical absurdity". In spite of low polling in traditional PNC strongholds the ruling PNC, pulling its usual electoral abracadabra, in which the army takes control of the boxes, which are kept in camera, awaiting all boxes before counting can begin. It took from December 10 to December 12th before the final PNC rabbit was pulled out of the boxes. Elections in Guyana can no longer be described as fraudulent, said ACLM Chairman at the Public Meeting, they are "fraudulent magic".

The ACLM Cable to Guyana's new Pre-

sident Desmond Hoyte stated: "Guyana Election results subject of ridicule everywhere. Suggest you avoid impending and necessary confrontation by establishing a Government genuine of National Unity. Such a Government of national unity must include the PPP, the WPA, the Guyana Council of Churches as well as the Hindu and Muslim representatives, and the Trade Union Council. Nothing else can deal with enormous political and economic crisis, as well as the national and universal crisis of confidence in Guyana Government over which you preside. Either you preside in national unity or the crisis will preside over you."

The important ACLM Cable continued "Urge you to act now in the interest of preserving Caribbean Self respect and save the Caribbean public from believing and concluding that politics is crookery aplenty and fraud unlimited. No worse plague could befall a people than such a conclusion. A word to the wise ought to be sufficient."

/9274

CSO: 3298/310

ANTIGUA AND BARBUDA

BRIEFS

GOVERNMENT WEEKLY--The NATION'S VOICE newspaper will now be appearing on news stands in Antigua and Barbuda on a weekly basis. A major development needed to effect the change over from a bi-monthly tabloid came when Co-ordinator of Public Information Division (PID) and Co-ordinating editor of the paper, Barrymore Stevens, was able to secure a grant from UNESCO to purchase a word processor. According to the Co-ordinator, this is just a small part of his programme to upgrade the public Information Division. [Excerpts] [St Johns NATION'S VOICE in English 10 Jan 86 p 1] /9274

CSO: 3298/310

CAPUTO DISCUSSES FOREIGN POLICY COURSE

PY090040 Buenos Aires TIEMPO ARGENTINO in Spanish 4 Feb 86 p 9

[Text] "Argentina, a country that is trying to strengthen its democratic process, overcome the problems created by 50 years of political instability, and recover its sovereign presence in the international community, cannot become engaged in serious internal and external conflicts like those that would result if we refused to repay our foreign debt."

This statement is part of an article by Foreign Minister Dante Caputo, published in the last issue of MERCADO magazine under the headline: "The foreign policy course."

In his article, Caputo says that the decision to meet our external obligations "is not based on an abstract, philosophical discussion but on a realistic evaluation."

However, Caputo states that "the main dilemma is how to prevent the payment of our debt from impeding the indispensable growth of our economies and the generalized declaration of a moratorium by all the Latin American debtor countries."

"The basic problem is that if one day the people become aware of their impoverished situation and discover that the efforts they make to improve their country are ineffective because the foreign debt is sucking away all their efforts preventing them from attaining better living standards, the foreign debt problem will then, at that moment, become our most serious individual problem. At that time we will be able to move to the other alternative: not to pay the debt, and declare a general moratorium," Caputo wrote.

For the head of the San Martin Palace, the situation just described lets us see that the status quo contains self-destructive elements: that is, if we do not want to change anything now, everything will in the end be changed. [sentence as published]

Caputo says: "Argentina believes that the Cartagena Consensus must basically concentrate on breaking the negative dilemma between paying under traditional conditions and not paying through a generalized moratorium. Therefore, the

basic problem is how to transform the debt issue to a new issue such as how to obtain resources for growth."

Caputo also discusses Argentine foreign policy and other questions posed by MERCADO.

Answering one question, Caputo says that Argentina is a country with little participation in world exports and one which has a vulnerable economy. "Therefore, should Argentina abandon the idea of nonalignment to ally itself with the United States which is a superpower?"

Caputo said that he believes in the need for "societies made up of symmetrically or reasonably equal countries," that he does not believe "in societies made up of asymmetrical countries with great differences between them in their economic and financial capacity. The United States and the EEC are equal state societies. This equality allows them to express themselves politically and economically with similar force."

He says: "This is not the case for the Latin American countries before an alleged alignment with the great blocs now existing in the world. An eventual alignment with the United States--and the United States cannot be blamed for this--would not resolve the great problems, resulting from the great distortions currently existing in the world economic structure. Neither would it resolve the great problems of the distorted Latin American internal economic structure. An alliance with the United States will not resolve the problem of an inefficient public sector, or inefficient Argentine industry which is the reason it cannot compete in exports. Such an alliance will not open the markets closed by protectionist policies."

Caputo says: "There are also very profound and genuine political motivations that must be protected. I do not consider independence or sovereignty to be empty rhetoric or unimportant feelings. They are not merely affective words. They are very rational feelings because if a country protects its sovereignty and can decide by itself, it will then be able to create better conditions for its development. The nations that become satellites of other nations lose their capacity not only to decide their destiny and resolve their domestic and foreign problems from the political point of view, but they also lose their capacity to strengthen the country economically and financially."

/9738

CSO: 3348/418

ARMY OFFICERS SENTENCED FOR STATEMENTS

PY050301 Buenos Aires Noticias Argentinas in Spanish 1241 GMT 4 Feb 86

[Text] Buenos Aires, 4 Feb (NA)--Army Chief of Staff General Hector Rios Erenu has imposed a 30-day arrest on Colonel Pascual Guerrieri to be served at the 6th Mountain Infantry Brigade headquartered in Neuquen. A Defense Ministry source confirmed at noon today that the punishment was imposed because of a note Guerrieri submitted to the Army commander "without the appropriate respect."

The source consulted by Noticias Argentinas also admitted that Colonel Jorge Granada--the other officer accused by presidential decree No. 2049 of plotting against democracy--held a meeting with Interior Minister Antonio Troccoli, and explained that for this reason "he deserves no punishment."

According to the newspaper AMBITO FINANCIERO, Granada, who met with Troccoli to demand further explanations of the charges brought against him by the government, "has the right, as does any other citizen, to ask the authorities for a meeting, a right that is not prevented by any kind of law."

According to AMBITO FINANCIERO, Col Granada reportedly visited the Interior Ministry to demand a public explanation of the charges brought against him by government officials, after his telephone call for a meeting with the interior minister was denied.

In turn, the newspaper reiterates that Colonel Pascual Guerrieri--another military man accused by decree No. 2049--may be punished with 20 days of arrest in the 6th Mountain Infantry Brigade in Neuquen, for his recent statements in a radio interview, in which he implicitly criticized Air Force staff chief Brigadier Ernesto Crespo.

The newspaper adds that in view of the colonel's insistence, Troccoli had to receive him in his office. After a heated conversation Troccoli asked Granada whether he had an authorization from Defense Minister Roque Carranza to meet with him, and Granada answered negatively.

AMBITO FINANCIERO has stated that there is no rule preventing military officers on active duty from visiting government officials on a personal basis.

The newspaper adds that Guerrieri will be punished with a 20-day arrest in Neuquen, and that "it is a serious punishment that will be the object of several legal interpretations." It also publishes an interview granted by the same military officer to this newspaper in Mar del Plata.

"It was known that you would be punished for your recent statements," the journalist said in the mentioned radio interview, to which Guerrieri replied: "I want to live in freedom and democracy, and if every day a journalist comes and asks me this, well then, I will be sanctioned, I will end up by running away."

Guerrieri recalled that the radio interview was a "casual" one, which "took place spontaneously on the beach, and I was applauded by the public who understood that I was not adopting any political position."

Asked if he was ruling out the possibility of punishment, he said, "I do not believe that General Rios Erenu will adopt such a measure without telling me first. He is a faithful believer in democratic coexistence and he must evaluate correctly how things happened."

He added that Gen Rios Erenu "knows that in my case, vindication is pending because I and my family have suffered much because of the false accusations against me."

It would be unfair to punish me for what you are saying and I do not believe that Gen Rios Erenu would be so arbitrary."

Finally he said: "I am still confident in God as well as in justice and in the Army to which I owe myself."

/9738

CSO: 3348/419

BRIEFS

ANTIHAIR ROCKETS FROM USSR--Mendoza--Mendoza Province has spent more than \$800,000 for antihail rockets. The Mendoza government has made the purchase from the Soviet Union of 1,200 antihail rockets of the Alazan-2 type.
[Text] [Buenos Aires Domestic Service in Spanish 2300 GMT 5 Feb 86 PY]
/9738

JAPANESE FISHING ACTIVITIES EXPLAINED--In a note sent to the Argentine Foreign Ministry, the Japanese Government has denied having recognized British sovereignty over the Malvinas Islands by honoring a British request to reduce fishing activities in the South Atlantic. According to reports from London, the Argentine Government has conveyed its concern to the Tokyo Government over the fact that Japanese fishing boats "had obeyed" directives issued by the British usurpers of the archipelago. Japan has reiterated to Buenos Aires its "well-known position" on the Malvinas conflict, that is, its "unwavering" support for the resumption of negotiations. Furthermore, Japan noted that the decision to reduce fishing activities in the South Atlantic was not made by the government, but by shipowners and by unions of fishermen and sailors. It also stated that the request to reduce fishing activities in the area had not been made by the British Government, but by the FAO. [Text] [Buenos Aires TIEMPO ARGENTINO in Spanish 11 Feb 86 p 2 PY] /9738

CSO: 3348/418

BARROW DESCRIBES, JUSTIFIES DISCUSSIONS IN GUYANA

Assessment of Trip

Bridgetown BARBADOS ADVOCATE in English 21 Jan 86 p 1

[Text]

Opposition Leader, Mr. Errol Barrow, has described last weekend's trip to Guyana and Trinidad and Tobago as fruitful.

As a result of his trip to Guyana, that country's President, Desmond Hoyte, has restated his commitment to the regional integration movement and is to take a definitive statement on a number of issues soon.

Mr. Barrow who returned home yesterday said the trip had nothing to do with the forthcoming general elections in Barbados, but

rather because his Democratic Labour Party was concerned about what had been happening within the Caribbean Community (CARICOM). He also made it clear that he did not go to Guyana to investigate electoral fraud there since "I have no such authority."

"I went because people in my party are very concerned about the whole future of CARICOM" noting that Guyana is pivotal to the Caricom Movement.

Trip

The Opposition Leader, who emphasised that the trip was aimed at bolstering CARICOM — not only in trade and balance of payments — but in all its facets, said he had been in contact with President Hoyte by telephone prior to going to Guyana. Mr. Barrow was accompanied on his Guyana trip by Mr. Peter Morgan, a former Minister of Information in the last DLP administration.

Mr. Barrow said that the Guyana leader af-

firmed that he was committed to CARICOM and the integration movement and he had promised to make a definitive statement on a lot of issues that are bothering people within the next 14 days.

Suggestions

While in Georgetown, Mr. Barrow also made a number of suggestions to President Hoyte, which included the setting up of a High Commission in Bridgetown and the Guyana administration coming out forthrightly and answering people when they say they don't like this or they don't like that. He felt the Guyana Government ought to be big and sure enough of itself to come out and say "these are the facts and this is where we stand," adding that the Government of Guyana really had nothing to hide.

Mr. Barrow pointed out that anything which happened in Guyana or any other regional country reflected on the whole region. It was because he was a committed regionalist, Mr. Barrow said, he would be reluctant to support any suggestion to move the CARICOM Secretariat from Guyana as a number of politicians in the region had been suggested.

CARICOM Ingredient

Bridgetown DAILY NATION in English 21 Jan 86 p 24

[Text]

OPPOSITION LEADER ERROL BARROW, sees frequent talks as the key to keeping CARICOM alive.

Speaking at a Press conference in the VIP lounge of the Grantley Adams International Airport minutes after his arrival from three days of talks in Guyana, and Trinidad and Tobago, Mr. Barrow said: "According to what Mr. Hoyte (Guyana's president) told me, and I agree with him, 'the governments have got to start speaking to each other. Because between 1976 when we were no longer in office, until about 1982 or 1983, when Mr. Reagan summoned Mr. Adams and Mr. Seaga, there were no meeting of heads of government at all. And, we had had from 1963 about 13 or 14 meetings. Sometimes two meetings; but at least one meeting a year.'"

Mr. Barrow said he did not think that the average Barbadian was sufficiently conscious of the implications of the regional integration movement as he ought to be, and therefore remained "unimpressed" by what was going on.

He added: "Personally I have had excellent relations with all the people in the Caribbean, particularly the leaders.

Mr. Barrow said: "We have tried to keep out of their business, and advised them when they asked for advice. That was the reason why CARIFTA and the intergration movement was successful in the early stages.

"Dr. Jagan, Mr. Bustamante and Dr. Williams and I were like North, South, East and West were when it came to political ideology," Mr. Barrow said.

He noted that, although, Dr. Jagan was a Marxist, Alexander Bustamante a labour capitalist, Eric Williams an historical pragmatist, and himself a democratic socialist, they communicated with each other.

Mr. Barrow along with the late Guyana president, Forbes Burnham, and Antigua and Barbuda's prime minister Vere Bird Sen., was instrumental in formulating the principles of the regional movement in the 1960s.

Advice to Hoyte

Bridgetown DAILY NATION in English 21 Jan 86 p 24

[Text]

THE GUYANA GOVERNMENT has been advised by Opposition Leader, Errol Barrow, that if it does not have anything to hide it should allow people to go there at election time.

Shortly after returning from a three-day trip to Guyana and Trinidad yesterday, Mr. Barrow disclosed the Guyana President, Desmond Hoyte would be taking steps within the next two weeks to "put people's minds at rest". Mr. Barrow did not disclose those steps.

He said that during his talks with Mr. Hoyte over the weekend he made two suggestions concerning CARICOM.

The first, he said, "was to establish a high commission in Barbados, and secondly that Guyana should come out forthrightly and answer when people say they don't like this and they don't like that."

Mr. Barrow said the government of Guyana ought to be big enough and sure enough of itself to come out and state the facts. He added he thought it was unfortunate that when people tried to get permission to go to Guyana to look at what was going on with elections the Guyana government should say it did not want them to come.

"This appears to me to be a situation in which they give the impression that they have something to hide."

He added: "The president assured me and demonstrated in various ways (and by correspondence with Dr. Jagan and by actions he took to correct any irregularities) that they really had nothing to hide."

He said it was demonstrably clear the Guyanese were supporting the People's National Congress and had freedom of choice.

He said one of the things he was able to "put across" though not necessarily "get across" to Mr. Hoyte was if "you know you don't have anything to hide you should let them all come in".

"I put that across and I hope that he got the message," Mr. Barrow said.

Reply to Criticism

Bridgetown WEEKEND NATION in English 24-25 Jan 86 p 3

[Text]

LEADER OF THE OPPOSITION, Errol Barrow, says his trip last weekend to Guyana was not to lecture to the Guyanese about human rights, their relations with the Roman Catholic Church or to determine whether the last general election was free and fair.

"We went to Guyana to meet with the head of state and appraise him of the serious concern which has been expressed by governments and individuals throughout the Caribbean on all these subjects", he said.

Mr. Barrow was responding in a statement to an editorial in yesterday's **DAILY NATION**, headlined, "Hoping Bajans Believe Barrow".

The statement said:

"When I decided to visit Guyana to meet with President Hoyte, some of my colleagues pointed out that the purpose of the visit might be mis-interpreted by our political opponents.

"In my judgement, that risk had to be taken in view of the serious nature of the consequences of not doing so, which are nothing less than the potential break-up of CARICOM and the Regional Integration Movement.

"It was, however, with astonishment that I read the strange editorial in **THE NATION** newspaper of January 23. I consider our daily newspapers to be fair-minded, and it would certainly not have crossed my mind that either of them would have put such an interpretation on the initiative which was taken.

"I had thought it was clear to all who wished to understand that we did not go to Guyana to meet with all and sundry, in an attempt to determine whether the elections were free and fair. We did not go to Guyana to lecture the president on the need to pay more attention to human rights.

"We did not go to Guyana to tell them what they should do or not do about their relations with the Roman Catholic Church.

"We went to Guyana to meet with the head of state and appraise him of the serious concern which has been expressed by governments and individuals throughout the Caribbean on all these subjects. We even took with us a book of newspaper clippings to illustrate these points.

"I also offered to mediate in the Venezuela-Guyana border dispute, since the President of Venezuela, Dr. Jaime Lusinchi, has been a friend of mine for over 20 years.

"President Hoyte told us that he had not been aware of the extent of the concern which had been expressed and asked many questions for further clarification.

"President Hoyte thanked us for having brought these matters to his attention, and stated that the government of Guyana will be issuing a statement very shortly clarifying various matters.

"It was this lack of awareness, amongst other factors, which led me to suggest that Guyana should establish a High Commission in Barbados, to maintain closer relations with the entire Eastern Caribbean.

"It is to be hoped — though, of course, there can be no certainty — that the knowledge of the present opinions of many Caribbean people will have some bearing on the future actions of the government of Guyana.

"I hope that all Caribbean people of goodwill will urge upon their leaders the need to sit down and reason with each other frequently. This is the only way in which situations such as the present one may be averted. Meantime, in the words of a popular song, let us 'give peace a chance.'"

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CSO: 3298/314

DLP LEADERS PORTRAY PARTY'S GAINS, CONTRIBUTIONS

Barrow on Succession

Bridgetown SUNDAY SUN in English 26 Jan 86 pp 44

[Article by Albert Brandford]

[Text]

ERROL BARROW, president and one of the founders of the Democratic Labour Party (DLP) says he's not appointing a successor.

The DLP, he says, is a party of ideas, not personalities.

"I am not appointing a successor because it is nothing that I can leave in a will for anyone."

Mr. Barrow was speaking at party headquarters, George Street, yesterday during a ceremony to honour the 21 persons who founded the party nearly 31 years ago.

He said when the appropriate time comes and the DLP forms the majority party again there would be no guarantee that he would become the leader of government, since under the constitution, the Governor General

calls on the person who in his opinion is best able to command a majority in the House of Assembly.

Only formula

"That is the only formula for future leaders in this country", Mr. Barrow said.

Mr. Barrow was head of government until 1976 when the DLP went out of office and since then there has been speculation that he would step aside and appoint a successor. Among those frequently mentioned are Deputy Leader of the Opposition, Erskine Sandiford, Dr. Richie Haynes and Mr. Branford Taitt.

He said that the DLP does not look to a single leader because every DLP parliamentarian was elected because of his ability to lead the country if called upon to do so.

A lot of people refused to accept the paramountcy of Parliament and the constitution, he said, but all of the parliamentarians in the DLP were more qualified to be Prime Minister than anyone on the government's side.

Confidence in People

Bridgetown SUNDAY SUN in English 26 Jan 86 p 44

[Text]

FORMER DEPUTY PRIME MINISTER Cameron Tudor says the Opposition Democratic Labour Party (DLP) rejects the concept of party paramountcy.

"We accept the concept of the supremacy of the state, but only in the context of the separation of powers and the rule of law as reflected in the independence of the courts to interpret and to apply the law with the evenhanded administration of justice," he said.

Mr. Tudor was speaking yesterday at a ceremony to honour the founders of the DLP.

Paramountcy of the party is a concept espoused by the ruling People's National Congress (PNC) in Guyana).

Reaffirming the principles for which the DLP stands, Mr. Tudor said members of the party accorded sovereignty only to the whole body of citizens of the country and full freedom to all those institutions either permitted by the constitution or not expressly forbidden by the statute law of the country.

"In the light of these principles, we led the country into independence in 1966", he said. "From that time and for ten years until we demitted office, we governed the country in the following way:

"We upheld and defended the principle that the adult citizens of our country have an unchallengeable right to change their governments in elections which are not merely said to be free but are manifestly known to be.

"We asserted, defended and consolidated the right of citizens to possess and to dispose of property lawfully acquired. We upheld their right to work at occupations of their choosing, their right to express their thoughts in speech and writing, their right to assemble peaceably, to create organisations for the protection and furtherance of their economic welfare, their right to proclaim their religious beliefs or none, as best as to them might seem, their right to enjoy and to expand these fundamental rights under lawfully constituted governments or in defiance, within the law, of such governments, if need be".

Mr. Tudor said that whether in or out of government, the DLP judges itself by those publicly proclaimed principles, and would wish to be vigorously opposed and thwarted for even the slightest deviation from any of them.

The DLP, he said, reaffirms its commitment to strengthen constitutional government, to uphold the rule of law, to cleanse the society from the scourges which now beset it and to release the energies of its citizens to encourage them toward their further development as their interests and capacities direct them.

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CSO: 3298/314

ST JOHN AIRS CARICOM PROBLEMS IN SPEECH TO BLP MEETING

FL272328 Bridgetown CANA in English 2136 GMT 27 Jan 86

[By Irvine Reid]

[Excerpts] Bridgetown, 27 Jan (CANA)--Barbados is unhappy with the lack of consultation when Caricom governments devalue their currencies. And Prime Minister Bernard St John says he wants an early meeting of finance ministers to discuss this and the resuscitation of the Caricom Multilateral Clearing Facility (CMCF).

I would be asking the Caricom Secretariat to set about summoning a meeting of ministers of finance to deal with outstanding matters of the CMCF, of the question of the defect in the (Caricom) treaty, which permits devaluations to take place overnight without information or consultation with fellow members and other areas, he told the annual conference of his ruling Barbados Labour Party yesterday.

All attempts to revive the CMCF, a trade credit facility which collapsed in 1983, have failed, while three Caricom states--Trinidad and Tobago the most recent--have devalued their currencies in the last two years.

St John said he was convinced that if Caricom were to persuade a united approach to the United States, the European Community, other nations, and the international financial system about reviving the CMCF and, if we were prepared to guarantee any loans that have been made by these institutions or governments as others have done in other integrated systems, there would be a solution to the resuscitation of CMCF.

The prime minister reported on the outcome of the informal summit in Mustique among heads of government of Barbados, St Lucia, St Vincent and the Grenadines, Dominica, St Kitts and Nevis, Grenada and Guyana.

The meeting was called by St Vincent and the Grenadines Prime Minister James Mitchell to discuss the political situation in Guyana where opposition parties have alleged that last December's general election was rigged--a charge denied by the government.

Caricom trade matters were also raised at the conference. All of us left that consultation with a firm resolution that it is our abundant duty to our people in this area to continue to seek solutions to all of these problems, St John said.

ST JOHN SEES GUYANA OPPOSITION GROUP, COMMENTS ON TALKS

Kwayana Remarks

FL272020 Bridgetown CANA in English 1948 GMT 27 Jan 86

[Text] Bridgetown, 27 Jan (CANA)--A Guyana opposition delegation today said Barbados Prime Minister Bernard St John had promised to look at the evidence from both sides of the country's troubled political scene.

The Barbadian leader also said he was open to receiving further representation on the Guyana situation, spokesman for the mission, Eusi Kwayana, told CANA after talks at the prime minister's office lasting more than an hour.

The team from the Patriotic Coalition for Democracy (PCD) is on a tour aimed at briefing Caribbean government, opposition and business leaders about developments in Guyana.

The mission, which includes former Guyana Premier Dr Cheddi Jagan, has accused the government of rigging last December's general election. The Desmond Hoyte administration has denied the charges.

Kwayana said the group gave St John an opposition-prepared document detailing what it felt was wrong with the conduct of the 9 December general elections. We call on Prime Minister St John not only to read it, but to investigate it, Kwayana remarked.

He said the prime minister, among a group of Caribbean leaders who had informal discussions last weekend with President Desmond Hoyte about developments in Guyana, had promised to look at the evidence from both sides.

Delegation members who met St John were Kwayana, leader of the Working People's Alliance; Dr Jagan, who heads the People's Progressive Party; and N. T. Gopaul, general secretary of the National Association of Agricultural, Commercial, and Industrial Employees. Absent was Lllewelyn John, who represents three conservative and centrist parties.

A statement issued by the Barbados Government Information Service quoted St John as saying any matter which formed a disturbance in a Caribbean Community (Caricom) member country that also had the effect of preventing the state from carrying out its obligations under the Caricom treaty was important to other member countries.

He noted that it was in that light that he had received the Guyanese delegation and listened to their position, the Information Service said.

St John also told the Guyanese that he favoured a human rights accord committing Caricom member governments to honouring human rights. The accord was suggested after persistent complaints of human rights violations in some Caricom member countries.

He further noted that he had undertaken to do for the Patriotic Coalition for Democracy what he had promised to do for President Hoyte, that is, to make available to the people of Barbados any media material that was available to him, the Information Service reported.

Jagan Remarks

Bridgetown SUNDAY SUN in English 26 Jan 86 p 44

[Article by Charmaine Massiah]

[Text]

THE CARIBBEAN PEOPLE must make Guyana's freedom, democracy and human rights their concern.

This was stated by Dr. Cheddi Jagan, leader of Guyana's major opposition party, the People's Progressive Party (PPP), from Trinidad yesterday.

Dr. Jagan is accompanied by Eusi Kwayana of the Working People's Alliance (WPA), and Llewellyn John of the People's Democratic Movement.

These parties, along with the National Democratic Front and the Democratic Labour Movement, on January 9 formed a group called the Patriotic Coalition for Democracy.

Dr. Jagan said: "We want the Caribbean people to see the Guyanese problem — the violations of human rights, the denying of free and fair elections — as part of their problem."

"We are part of South America, but culturally we have been linked with the English-speaking Caribbean. We feel we are part and parcel of the Caribbean integration movement and we think

that Guyana can play a useful role in solving the problems, not only of the people in Guyana, but in the whole Caribbean, in view of its vast resources, landscape and so on."

The PPP leader said the coalition against the ruling People's National Congress felt the question of democracy and human rights was fundamental to economic development and social progress.

Dr. Jagan said people were saying if the Guyanese elected a communist party, for example, then that would be worst than now.

"But, he said "you have the other principle of self-determination."

He said the coalition upheld the principle of self-determination and of ideological and political pluralism, and "this is in keeping with the concept that CARICOM serves as a base".

The coalition, which leaves on Monday, will hold a public meeting today at 4:30 p.m., at the Caribbean Conference of Churches.

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CSO: 3298/314

ARTICLE EXAMINES HIGHLIGHTS OF NATION'S FOREIGN POLICY

Bridgetown BARBADOS ADVOCATE in English 22 Jan 86 p 2

[Text]

The appointment of a Barbados High Commissioner to Trinidad and Tobago, and the acceptance by the Trinidad Prime Minister, George Chambers, of an invitation to visit Barbados this year were among the highpoints of this country's foreign policy last year.

Sources close to Government said there were other major highlights but the appointment of the High Commissioner and the acceptance of the invitation were seen as significant since they represented a near return to normalcy in relations between the two countries.

Some of the other major highlights were the appointment of Barbados to one of the Vice-Presidencies of the United Nations General Assembly, the hosting of the Caricom Heads of Government summit in July, a continuation of the struggle to get Belize and Guyana into the Organisation of American States (OAS) and the appointment of a top Civil Servant to the Inter-American Human Rights Commission.

Last year also saw a different man taking over as Foreign Minister, and International Trade being attached to that Ministry.

Senator Nigel Barrow took over from Mr. Louis Tull after a cabinet reshuffle by the Prime Minister Bernard St. John.

High Commissioner

Civil Servant Mr. Walter Burke was appointed High Commissioner to Trinidad and Tobago, ending more than two years of a cold war type relation between the two countries.

Relations has taken a plunge in late 1983 following differences between the

two countries over America's "brutal" invasion of Grenada. The differences has led to Tom Adams the then Prime Minister of Barbados asking Mr. Chambers to recall Mr. Basil Pitt the then Trinidadian envoy in Bridgetown.

The row had also widened the rift between the two countries started ever since new credit restrictions in Port-of-Spain had put a damper on Barbadian exports to that country.

Signs of improved relations emerged at the beginning of last year when Adams invited Mr. Chambers here for bilateral discussions which were to centre on trade and the heads of Government summit.

The invitation was accepted but Adams died in March before the trip materialised.

Mr. Chambers who was among regional leaders in Barbados for Adams' funeral, revealed then that there would be an exchange of ambassadors with Barbados.

The Caricom summit which was held at the Sam Lord's Castle was a historic occasion for the country for it brought together all but one of the regional heads of state to discuss important trade and political issues in getting the regional integration movement working.

High class goods

Coinciding with the summit was Carimex, an exhibition of regional manufactured goods, at the Grantley Adams International Airport. This exhibition was held to alert the region about the high class goods and services which were available in the region, and to attract foreign buyers who attended the exhibition.

Although the summit ended on the same optimistic note on which it started, it took a lot of lobbying and the threat of retaliatory action in Barbados' trade policy before all the remaining Caricom states could implement the Nassau Understanding of a 15 per cent duty on non-Caricom imports in an effort to stimulate regional trade.

By January 1 this year Trinidad and Tobago was the only state still to implement the package.

In the regional sphere, Mr. Oliver Jackman became the first person from the English speaking Caribbean to be appointed to the Committee on Human Rights, aimed at promoting the observance of human rights in member states of the Organisation of American States. The appointment was made at a meeting of the Organisation of American States (OAS).

Within the same OAS, Barbados continued to make a strong case to get both Guyana and Belize into the organisation.

The measures included proposals to get the OAS to change its policy of appointing states to that organisation.

Territorial claims have been made on both Belize and Guyana and these have hindered their progress in becoming OAS members.

Territorial claims

Barbados' position outlined at the last major OAS meeting was that this should not be a stumbling block, since the entire Latin American OAS members were involved in one way or the other with territorial claims.

Sources have said that the case appears to be a genuine one and some results were expected.

They added that at the end of 1985, Barbados could feel better than it did a year ago when in the aftermath of the Grenada invasion, there was some damage to the country's international image.

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CSO: 3298/314

TRADE DEFICIT FIGURES FOR FIRST 9 MONTHS OF 1985 CITED

Bridgetown BARBADOS ADVOCATE in English 16 Jan 86 p 2

[Text]

Barbados yesterday reported a \$347.6 million trade deficit for the first nine months of last year.

The Government's Export Promotion Corporation (EPC) said total exports at September last year stood at \$537.2 million while imports for the first nine months of the year were valued at \$884.8 million.

For the corresponding period in 1984 total exports were put at \$609 million and imports at \$992.6 million — a deficit of \$383.5 million.

Domestic exports

The EPC said that domestic exports for the first nine months of last year were worth \$376 million or 16.8 per cent below 1984's comparable figure of \$451.9 million.

It said the decline in domestic exports could be partly attributed to the

reductions experienced in machinery and transport equipment, food and live animals, miscellaneous manufactured articles and chemicals.

Machinery and transport equipment exports declined by \$30.3 million or 11.5 per cent, dropping from \$263.1 million in 1984 to \$232.8 million last year.

Declined

Exports of food and live animals declined by \$18.1 million from \$75.1 million in the January to September 1984 period to \$57 million for the same period last year.

The value of miscellaneous manufactured articles declined by \$25.6 million during the period under review. Barbados exported \$40.1 million worth of these goods last year compared with \$65.8 million in 1984. (CANA)

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CSO: 3298/314

DIVERSIFICATION IN AGRICULTURE, NEW EXPORTS GAINING

Export Expectations

Bridgetown BARBADOS ADVOCATE in English 17 Jan 86 p 1

[Excerpts] Barbados will from tomorrow begin the exportation of vegetables to Europe, an agricultural industry official has said.

Mr Keith Neblett, general manager of the Agricultural Commodity Trading Company (ACTCO) said yesterday that the first shipment would be made up of yams and sweet potatoes.

The other produce to be shipped this year are sweet peppers, eggplants, and breadfruits. For the first time this year, watermelons and pumpkins will be included in the shipment.

It is also understood that the authorities were hoping to have a number of Chinese vegetables successfully grown in Barbados to be sold on the European market.

Last year the farmers earned in excess of \$300,000 for the shipment of vegetables and foodcrops.

The local flag carrier Caribbean Airways has granted concessionary rates to farmers to airlift the vegetables.

Government Program

Bridgetown SUNDAY SUN in English 26 Jan 86 p 3

[Text] Minister of Agriculture, Dr. Richard Cheltenham, on Friday unveiled a package of incentives to revitalise the country's agricultural sector.

Speaking at a meeting of sugar-cane growers at the Barbados Hilton, Dr. Cheltenham said that because of a number of circumstances over which Barbados had little or no control, it was of extreme importance that the integration between sugar and non-sugar agriculture should be increased.

He emphasised that this integration would have to take place against a background of a "technically efficient" sugar industry. He said that no effort must be spared in the fight to make sugar production economical from the technical and agronomic view-point.

"There can be no successful non-sugar agriculture without an efficient sugar industry because all non-sugar production must revolve around sugarcane. Sugar is the centre-piece and all must revolve around sugar," he said.

Dr. Cheltenham said that one of the immediate emphases of Government in its efforts to improve the viability of the agricultural sector would be to promote further diversification. He disclosed that Government had established a \$1 million beef, mutton and livestock revolving fund from which farmers would be able to borrow up to a quarter of a million dollars.

He pointed out that he had been able to persuade the Minister of Finance to provide a further \$1 million for next year and possibly the same amount the following year.

Dr. Cheltenham said he hoped that with the new injection into the sub-sector, the beef industry would be able to develop to the extent already achieved by the dairy industry, where at present farmers are producing more milk daily than is being consumed.

The minister disclosed that farmers borrowing from this fund would not have to pay interest during the first three years. The committee looking after this new fund will meet for the first time tomorrow.

Dr. Cheltenham also said that the Agricultural Export Revolving Fund would begin lending shortly. He explained that since the local market was small and easily saturated, it was of extreme importance that efforts be made to capture the overseas markets.

To do this, he added, packing equipment, would have to be acquired as well as money to cover freight, insurance and handling costs. In some instances advanced payments would have to be made to farmers. This fund will provide short-term financing for this purpose and would be administered by the Barbados Marketing Corporation.

More Assistance

Dr. Cheltenham told sugar farmers that Government would continue to offer assistance in cotton, onion and peanut farming, as well as to the exotic flower industry, which he said had much potential in the United States under the Caribbean Basin Initiative (CBI).

He said the Barbados Defence Force (BDF) had been involved in the eradication of wild cotton, which harboured insects that attack cotton, while through certain initiatives, the peanut industry had developed to the extent where by the end of the year 50 percent of the country's needs would be produced at home.

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CSO: 3298/314

CENTRAL BANK REPORTS SLIGHT DECLINE IN ECONOMY

FL232244 Bridgetown CANA in English 2206 GMT 23 Jan 86

[Text] Bridgetown, 23 Jan--The Barbados economy contracted slightly during the first three quarters of 1985, with declines in manufacturing and tourist arrivals. Unemployment rose and inflation dropped, the Central Bank said in its report released yesterday.

The decline in real Gross Domestic Product (GDP) was not given, but the Bank said economic output at the end of September was slightly below the 1984 corresponding level of 2.5 per cent.

Manufacturing output fell by more than seven per cent during the nine months, reflecting a substantial 10.8 per cent fall in the third quarter.

The Bank said most of this reduction originated in the electronic components sub-sectors, where output contracted by more than 33 percent during the third quarter.

"Electronic sales have been badly hit all year long by the slump in the American computer market. Moreover, barriers to trade imposed by Trinidad and Tobago have now forced a 25 percent reduction in output in the garment industry," the Bank said.

During the first nine months of 1985, there was a slight decrease in tourist arrivals. While winter visitors rose 6.2 percent, summer arrivals were down by nearly 13 percent, or five percent below the average for 1981 to 1984.

The Bank said growth in arrivals from Canada (11.5 percent) and the United States (seven percent) prevented a much steeper fall in arrivals.

Visitors from the United Kingdom, down 21 percent, were yet to exploit the weakening trend in the US dollar, the report said. Continuing economic difficulties in many Caribbean Community (Caricom) countries have been contributed to the 16 percent reduction in Caricom visitors, it added.

Non-sugar agriculture did not fare well during the period. Fish catches, adversely affected by the weather conditions earlier in the year, declined by 29 percent during the first nine months of the year.

Crude oil production at the end of September was 8.4 percent higher than last year's. Output to date of 508,600 barrels was the highest ever recorded for a nine-month period, and production for the year could top the 700,000 barrel mark, the Central Bank said.

Sales of natural gas totalled 315.7 million cubic feet, an increase of 6.7 percent over last year's. This represented about 40 percent of total gas available; the remainder was flared. The Barbados Light and Power Company was the National Petroleum Corporation's major customer.

The bank said inflation continued to subside. The average rate of inflation (measured as the increase in the average for September 1984 to September 1985 over the average for the previous 12 months) was 4.5 percent.

The point change in the retail price index between September 1984 and September 1985 was only 3.4 percent. The slow growth in import prices reflects continuing price stability in the markets of Barbados' major trading partners, the report said.

The bank said that with the falling output in the electronics and clothing subsectors, the unemployment rate rose to 19.8 percent from the June 1985 level of 19.3 percent.

Two major local producers of electronic parts closed in August, with a loss of 362 jobs, about 12 percent of the total workforce in the subsector. By the end of the third quarter employment in this area had fallen by one-third from the September 1984 level.

Tourism earnings were estimated to have risen by 4.8 percent, mainly reflecting the strong winter season. The slowdown in arrivals between April and September kept tourism earnings in that period at about the same levels as in 1984.

Net earnings from stores and bunkers, insurance and other invisible exports were also less encouraging, in part a result of the steep increase in interest payments, according to the bank.

The bank said current revenue of 453.1 million dollars (one Bds dollar: 50 cents U.S.) was almost 13 percent above the 1984 total, with sizeable increases recorded for both direct and indirect taxes.

Substantially higher wages and salary payments boosted current expenditure by 16 percent to Bds 447 million dollars. The effect of the last salary increase, together with adjustments resulting from the regarding of some scales, pushed up wage payments by nearly 28 percent.

Spending on goods and services rose by a rapid 17.4 percent though it remains only 17 percent of total current expenditure. Interest payments on government debt were 12 percent higher, mainly as a result of increased indebtedness.

Capital expenditure also grew sharply at 14.5 percent, with most of the rise again coming between July and September. During the quarter there was some increase in spending on housing, community amenities and general rehabilitation of public buildings.

Since total spending by government rose much more quickly than revenue, the fiscal deficit expanded by almost 30 percent to reach 98 million dollars.

Unlike last year, however, finance for the deficit came largely from abroad. In February, a bond placement in Japan secured 40 million dollars and in September 50 million dollars was borrowed from a consortium of banks in the Euro-dollar market.

Inflows of 18 million dollars for project funds were matched by amortization payments of foreign debt of an equal amount. By September the national debt stood at Bds 1,073.5 million dollars, compared to BDS 932.6 million dollars a year earlier.

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CSO: 3298/314

GOVERNMENT NOT OPTIMISTIC ABOUT FUTURE OF SUGAR

Bridgetown SUNDAY SUN in English 26 Jan 86 p 3

[Text]

BARBADOS' Minister of Agriculture, Dr. Richard Cheltenham, sees no bright hopes for Barbados' sugar industry on the international arena in the immediate future.

He noted that the decline in the strength of the European currencies, vis-a-vis the United States dollar had resulted in significant reductions in sugar earnings in recent years.

According to Dr. Cheltenham, despite a slight improvement in the strength of the European currencies in recent months, the immediate future did not hold much hope.

He said that on the United States market Barbados' quota had been cut from 21.3 thousand short tonnes in the 1983-84 period to 12.5 thousand short tonnes in the current

period ending at the end of this year. And, the minister said there was nothing now to guarantee that "we will be able to persuade the United States to allow continued access to their market."

However, according to Dr. Cheltenham, there had been some positive advances in the sugar industry in recent years. He recalled that in 1982, 23 percent of all cane harvested was burnt, while last year the figure had been reduced to 3.3 percent. He said that while there had been 1 300 cane fires in 1982, there were only 169 fires last year.

Dr. Cheltenham also noted that in 1980 the industry achieved a remarkable feat; 3.4 tonnes of sugar were recovered from every acre of cane harvested.

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CSO: 3298/314

BOMB THREAT FAILS TO DETER VISITING UK CRICKETEERS

FL282352 Bridgetown CANA in English 2203 GMT 28 Jan 86

[Excerpts] Bridgetown, 28 Jan (CANA)--The England cricket team had their third net practice in as many days at Kensington Oval today and appeared undaunted by a bomb threat yesterday.

The Englishmen arrived here last Saturday for an 11-week Caribbean tour that has brought strong objections from anti-apartheid groups in the region, protesting against the inclusion of the team of five players who have played and coached in racially divided South Africa.

The England team vacated their dressing room in the Sir Garfield Sober's Pavilion yesterday and went on to the field for a lengthy training and practice session.

Police called in bomb experts to search the stands but nothing was found. Police said two calls were made around 9 a.m. yesterday morning--one to the oval and the other to police headquarters by someone with a foreign accent.

Meantime, the Southern African Liberation Committee (SALC), one of several local organizations opposed to the tour, told CANA that the SALC was not responsible for the bomb threats. The SALC helped organize a small protest demonstration when the tourists arrived Saturday.

Chairman of the SALC, Mike Cummins, said that his committee had, however, planned certain action but was keeping it secret.

We think that the governments of the region have taken a bad decision to allow the five rebels on the team into the country, Cummins said. It is a matter of taking a firm position to exclude these players in the same way we have taken a firm position on excluding our own rebels, he added.

West Indian players who go to South Africa are banned for life.

President of the Barbados Cricket Association Peter Short said the BCA was in constant contact with police on the matter of security. We depend on the police to assist with security at all times and, in light of the present peculiar circumstances, we are now conscious of it this time, Short said.

The police have told us to treat them (bomb threats) with the attention they deserve and we will follow their instructions, he added.

PAPER DOUBTS TRINIDAD EXPLANATION FOR DROP IN TRADE

FL061710 Bridgetown CANA in English 1653 GMT 6 Feb 86

[Text] Bridgetown, 6 Feb (CANA)--The Barbados NATION newspaper today said it did not believe Trinidad and Tobago's explanation for a major decline in its purchases from neighbouring Barbados last year.

The paper was commenting on a Port-of-Spain government statement Tuesday to the effect that some TT90.5 million dollars in import licences had been issued there for Barbadian goods in 1985 and 4.5 million dollars so far this year.

Barbados exporters blame Port-of-Spain's controversial import licensing regime for a continuing fall-off in sales to Port-of-Spain--the most lucrative market in the Caribbean Community. But the Trinidad Government said there had been several uncollected licences for Barbados goods, and the reduction in imports from Bridgetown might well be more rooted in the changed economic situation which has resulted in a decline in purchasing power and a significant reduction in the level of total imports.

Said the NATION in its editorial: Somebody has to be fooling around with the Barbados-Trinidad trade issue. The latest disclaimer from Port-of-Spain implicitly blames Barbadian exporters for tardiness in collecting approved licences, thus negating any alleged initiatives to sell their products in the twin-island republic.

Now, that really is just about the most monumental folly for Bajan producers faced with nervous bankers, factory closures and staggering layoffs. We simply do not believe this to be an accurate reflection of the true situation.

It seems more than likely--and this is based on information received not only from Barbadian manufacturers but also from Trinidad business houses--that a policy of deliberate stalling by the Port-of-Spain bureaucracy had such a devastating effect on prospective shippers that they gave up any hope of ever receiving licences at all.

In any case, some had already gone out of business, such was their misplaced dependency on the Trinidad market, and their betrayed trust in the Caricom arrangement.

If the authorities there wished to plead financial hardship among consumers as a more realistic cause, even then they might be partially contradicted by distributors' enthusiasm for Bajan goods. Nobody doubts that Trinidadians have not exactly revelled in cornucopia recently, but being denied their horn-of-plenty was never the same thing as lacking funds for consumer items such as Barbados sought to export there.

Householders don't need millions--not even after devaluation--to buy biscuits and detergents. That devaluation, urged to some extent by the same protectionist lobby that is stifling regional trade, is a voice Mr George Chambers seems impotent to ignore. He might never escape its clutches if the nettle is not grasped promptly.

Neither proffered explanation seems enough to account for a 26.6 million dollar drop in Bajan exports in the first nine months of last year, while imports shot to 92 million dollars.

Trinidad's Ministry of Industry will have to look deeper for acceptable causes, but it may never be able to publish the true facts.

/9274

CSO: 3298/314

BRIEFS

BLP ELECTIONS--Dr Johnny Cheltenham defeated Billie Miller by 24 votes to 13 to become first vice-chairman of the Barbados Labour Party (BLP). Dr. Cheltenham's victory came during the election of officers at the BLP headquarters, Roebuck Street, on Thursday night. In the run-off for the post of second vice-chairman, Miss Miller defeated DeLisle Bradshaw by 22 votes to 17. Mr Bradshaw was then unanimously elected third vice-chairman. Ezra Alleyne was appointed public relations officer and will now be co-opted on the National Executive Committee. The three assistant secretaries elected are Arthur Jordan, Grantley Haynes and Colin Forde. On the previous Sunday Pat Symmonds was elected secretary and Rannie Field treasurer. The old trustees of the party, Sir Mencea Cox, Sir Ronald Mapp and Henry Forde, were re-elected. [Excerpt] [Bridgetown SUNDAY SUN in English 26 Jan 86 p 1]
/9274

CSO: 3298/314

IMPORTANT HYDROELECTRIC PROJECT RECEIVES APPROVAL

Santiago EL MERCURIO in Spanish 6 Jan 86 p C-1

[Text] The future Pehuenche power plant, the construction of which was recently approved by the president of the republic at the proposal of the National Energy Commission, has been described by experts from ENDESA [National Electric Power Company, Inc] as "one of the hydroelectric projects at the least cost to the country," from an economic standpoint, because it will make use of much of the infrastructure implemented for Colbun Machicura.

This plant, which will increase the generating capacity of the Central Interconnected System, will go into service after CHILECTRA's [Chilean Electric Company, Ltd] Alfalfal and ENDESA's Canutillar power plants, scheduled to begin generating in 1990 and 1991, respectively. Inasmuch as it will constitute the hydroelectric power plant with the greatest power in the country, its opening will make it possible to adequately cope with the growing demand for energy estimated for the next decade.

This project is located in the basin of the Maule River, in the Seventh Region, upstream of the Colbun-Machicura (490,000 kilowatt) complex, and will have an installed capacity of 500,000 kilowatts, and an average annual generation of approximately 2.7 billion kilowatt hours. It is estimated that the investment, including the interest during the construction, will be about \$600 million.

Its construction will start in 1987, and hence it might begin to generate in 1992; ENDESA having already finished several infrastructural works essential for the execution of the project.

Seasonal Regulation

A report prepared by engineer Carlos Andreani Luco, chief of ENDESA's Pehuenche Power Plant project, notes that this is one of the most beneficial generating enterprises to be implemented over the short term, in view of its favorable technical and economic features.

From the technical standpoint, it stresses its suitable location, both for the purpose of joining the Central Interconnected System and for having proper access for its construction and operation.

Also important is the fact that a sizable percentage of its water resources is regulated seasonally in the Maule and La Invernada lagoons; making it possible to transfer surplus volumes of water from spring to summer and fall, the seasons with the least contribution.

In this same connection, it is highly beneficial for the power plant to have the Colbun dam immediately downstream of it; because it is thereby possible to offset the variations in the volume of flow that will be required by the Pehuenche plant's operation during hours of maximum demand.

Pehuenche and Colbun

Carlos Andreani next points out the relationship between the Pehuenche Power Plant and the Colbun-Machicura complex, which is translated into the prior availability of some of the facilities for the management and inspection of the construction contracts as well as the future administration and control of the operation in a centralized fashion. This will be done from the Colbun Substation, in the control room of which necessary space has been left for situating the Pehuenche remote control system.

From an economic standpoint, Andreani claims that, in the different evaluations made, Pehuenche has turned out to be one of the projects with the least cost to the country; which is due to the suitable features of the water resources to be used, and the aforementioned utilization of the Colbun-Machicura works.

"In keeping with the benefits offered by this project, ENDESA has carried out its studies and designs until it has virtually completed the basic engineering phase, and is currently executing the structural works required to undertake the construction fittingly."

These preliminary works represent an investment of approximately \$3 million, assumed by ENDESA with its own funds, and they are virtually completed. They involve the Armerillo bridge, 170 meters long, over the Maule River; the 110-meter La Junta bridge, over the Melado; a road about 5 kilometers long, which connects these two viaducts; and another road, 2.5 kilometers long, which will afford access to the future construction window for the power plant's common adduction tunnel.

Basically, the Pehuenche power plant consists of an intake which will divert the Maule River's waters toward its southern side and, through a canal and a tunnel, will lead them 7 kilometers to the Melado River, where both channels will be dammed by means of a dam 90 meters tall and 300 meters long at its crest.

2909

CSO: 3348/384

COMBAT HELICOPTER PROTOTYPE TO BE EXHIBITED

Santiago LA NACION in Spanish 18 Jan 86 p 11

[Text] Valparaiso--For the first time since its production was approved, the combat helicopter with a high degree of maneuverability that Chile is equipped to put on the market will be exhibited publicly.

It is the prototype built by the Cardoen Ltd industry, which is fully developed, as LA NACION was told by that company's representative, Raul Montecinos Rosas.

The combat helicopter prototype is based on a model of its own designed by the industry, taking the main features from the traditional machines and adapting them to smaller dimensions, while developing them under conditions of maximum economy, with a full guarantee of a high degree of maneuverability; which will lend it the capacity for military combat activities and operations entailing a stringent flight demand.

Although no further specifications were given, the helicopter can be equipped with offensive weaponry, without losing its features, if the permitted ranges are not exceeded.

Its production is fully under way, and there are well-founded expectations of procuring beneficial purchase contracts, inasmuch as it will be on display at the forthcoming "International Air Fair" that the Chilean Air Force will be opening in March.

When asked about the volume of exports that Cardoen industries has been attaining annually, its representative estimated that, during the past 3 years, they have amounted to \$350 million, equalling the sums reached by products as important to the country as fish meal or fruit.

At the present time, the Cardoen equipment is reaching 11 countries, which Raul Montecinos declined to mention, "because there are contractual provisions that prohibit us from publishing the countries and names of the purchasers."

In any event, he said that most of those countries are in the Middle East, some in Africa, and others in Latin America; and they have started penetrating the Asian market, with major opportunities for initiating a stable purchasing power.

2909

CSO: 3348/384

LABOR MINISTER TERMS RAILROAD WORKERS STRIKE 'ILLEGAL'

Bogota EL TIEMPO in Spanish 21 Jan 86 p 13-C

[Article by German Navarrete]

[Text] The railroad unions refused to lift the national strike that they declared Friday against National Railways despite the fact that President Belisario Betancur personally intervened so that they started to receive 569 million pesos in wages and medical benefits yesterday.

A total of 23 members of the executive committee of the national union categorically told the government mediator, deputy minister of labor German Alberto Bula Escobar, that "the strike will definitely not be lifted because the strike is not to just receive 2 weeks' pay but so that the government adopt a serious railroad policy to end the increasing deterioration of the enterprise."

Minister of Labor Jorge Carrillo Rojas warned union leaders that "railway transportation is a public service. Therefore, any paralysis is illegal." He hinted at the possibility of his ministry voiding the legality of the unions and declaring the strike illegal. This would let the enterprise dismiss the strike promoters and the workers who remain on strike without pay.

Bula Escobar told the strike promoters that President Betancur had achieved the following solutions to the financial problems of National Railways by noon yesterday and they were being carried out immediately:

Immediate payment of 160 million pesos for the second half of December;

Attainment of 197 million pesos from the Ministry of Finance to pay all the railway workers next Wednesday and Thursday for the first half of January;

Guarantees from the Ministry of Finance for another 197 million pesos to National Railways so that they are paid for the second half of January on a date not yet stipulated;

Deposit of 10 million pesos in the Railway Social Fund and another 5 million pesos in the Antioquia Social Fund;

Confirmation from the general manager of the National Federation of Coffee Growers, Jorge Cardenas Gutierrez, that the National Coffee Fund will lend

National Railways 1.5 billion pesos in about 20 days to refinance that enterprise; and

Guarantee from PROEXPO [Export Promotion Fund] that National Railways will receive another loan of 1.5 billion pesos to meet its financial needs. This last credit is now being transacted.

Complaints Against Lawyers

The union leaders questioned that the workers would receive their money because 50 lawyers usually immediately attach every peso that comes into National Railways. They said that despite the efforts of President Betancur, "the enterprise's debts to its employees are much larger and a commitment agreed on in October 1985 has still not been met."

The union leaders told the government: "President Betancur should have issued a decree declaring the money allocated for the payment of wages and social benefits to the railway workers unattachable because every time money comes into the enterprise, those who benefit the most are 50 lawyers. They immediately attach the funds. Each one earns between 2 and 3 million pesos because they always win their cases due to nonpayment of benefits to those who have retired." They demanded immediate solution of this problem.

Bula Escobar said that this and other situations that hurt National Railways will be analyzed by the Superior Railway Council that President Betancur will install today to establish the future national railway policy that the government should follow to help that enterprise recover.

Would Lift Strike Today

Edgar Renteria Ramirez, Marco Tulio Espitia Vera, Roberto Gamboa, and 20 other union leaders--with the support of Apecides Alvis from the executive committee of the CTC [Confederation of Colombian Workers]--insisted that the strike will continue "until fulfillment of the government promises is verified."

The union leaders questioned the effectiveness of the refinancing of National Railways with loans from the coffee growers and PROEXPO. "Even if the 1.5 billion pesos from the National Coffee Fund are not attached by the lawyers who have devoted themselves to plundering the enterprise, they do not even cover the 1983 deficit of National Railways which was more than 2 billion pesos. In 1985, the deficit reached 1,489,000,000 pesos."

The deputy minister of labor, German Alberto Bula Escobar, debated with union leaders for 5 hours on the situation of National Railways. He said that President Betancur and his government are determined to prevent the closing of National Railways so they promise to carry out the following:

- 1) Refusal to allow the enterprise to go under by adopting concrete measures to save it;
- 2) Immediate action between the government, workers, and enterprise to resolve the crisis of National Railways through the Superior Railway Council installed today;

3) Guarantee of payment of wages for December and January in the form indicated;

4) Allocation of money to the Railway Social Fund and the Antioquia Social Fund to meet the needs of the workers for medicine and medical care;

5) Attainment of 3 billion pesos from the National Coffee Fund and PROEXPO to refinance National Railways. The loans will be "soft" and will act as a "bridge" while a \$77 million loan is obtained from the World Bank. The workers will have the opportunity to supervise the allocation and payment of this money; and

6) The Ministry of Labor asks the enterprise to fully investigate the administrative irregularities denounced by the unions and, if necessary, remove the top directors from their posts if they are responsible for misdeeds.

7717

CSO: 3348/399

ANIF PRESENTS PLAN TO GENERATE EMPLOYMENT; UNEMPLOYMENT DATA

Bogota EL TIEMPO in Spanish 20 Jan 86 pp 1-B, 5-B

[Text] Last week ANIF [National Association of Financial Institutions] presented a seven-point plan to generate employment. According to ANIF, "since we are far from the desired goal of full employment, it would be desirable to accelerate the rate of economic activity to absorb a large number of the unemployed. However, there are many problems to overcome, almost all caused by the state itself. These must be eliminated to permit a more fluid operation of the free enterprise system."

The following are the points contained in the plan developed by ANIF to increase employment in the country:

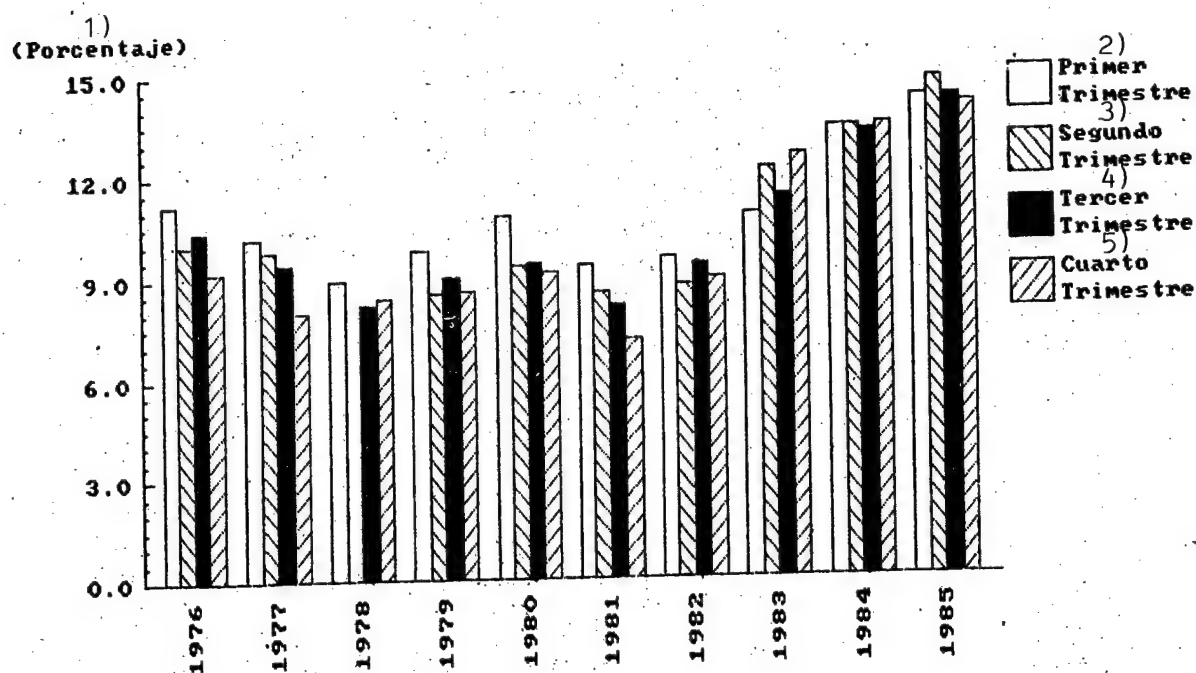
Decrease Cost of Generating Employment

The state and the unions have imposed a number of costs on businesses to benefit the employee. In many cases, they are onerous for the employers. Most of these expenses are for social security and various subsidies. Although they might benefit the workers, they are problems for the enterprises. A decrease in or elimination of these employer contributions (ISS [Social Security Institute], ICBF [Colombian Family Welfare Institute], SENA, Compensation Accounts, Employees Funds, Cooperatives) could be an incentive to generate employment in the sectors that are more labor-intensive.

Establish Differential or Integral Minimum Wage

The legal minimum wage recently increased much more than inflation. This is a step backward in the adjustment program that the country undertook more than a year ago. With the announced curb on the rate of devaluation, there will be a lower price increase for components and raw materials for industry but the relative cost of labor will have more effect on the increase of production costs, thus discouraging the generation of new jobs. Now the cost of hiring labor will be higher compared to the alternative of acquiring capital assets to replace manpower.

This argument leads to the recommendation of a differential minimum wage for those persons who enter the work force, at the same time opening the possibility of reevaluating the current labor system in the country. Another way to



6)
(*) Trimestral
7)

FUENTE: ANIF, CON BASE EN DATOS DANE

Unemployment Rate in the Four Largest Cities, 1976-1985*

Key:

- | | |
|-------------------|---|
| 1. Percentage | 5. Fourth quarter |
| 2. First quarter | 6. Quarterly |
| 3. Second quarter | 7. Source: ANIF based on DANE |
| 4. Third quarter | [National Administrative Department of Statistics] data |

set the minimum wage is to differentiate it based on the economic situation of the different regions. In the depressed zones and those of less relative development, a lower minimum wage could be established. This would stimulate the creation of new industries, decrease the economic power of the four main cities and prevent a massive migration from the country to these urban centers.

Abolish Retroactivity on Partial Withdrawal of Unemployment Benefits

One of the most burdensome charges for businesses in Colombia is the retroactivity applicable to unemployment benefits. This retroactivity, applicable to all benefits earned by the worker, geometrically increases the labor expenses of the enterprises. They represent loans from the employees to the employers that occasionally produce losses for the enterprises since the retroactivity is even applicable to partial withdrawal demanded by the worker. This increases a liability that does not really exist.

If this absurd law were repeated, the enterprises could have additional resources and incentives to generate employment. ANIF has presented very concrete proposals for this.

Do Not Weaken Macroeconomic Adjustment Plan

The adjustment plan undertaken by the country a little more than a year ago has yielded satisfactory results on the foreign front and good, although not as encouraging, results in cutting back public expenditures. The rate of devaluation was more than 50 percent in 1985. This made it possible to stimulate various minor exports of fuels which grew more than 18 percent, according to INCOMEX [Foreign Trade Institute] records. This has caused officials to think that the work is done and it is time to decrease the devaluation "by leaps and bounds." ANIF feels that the 1986 devaluation goal of 20 percent is not prudent. It should be between 25 percent and 30 percent to give additional impetus to marginal exports that are still not on the market. This stimulus would open the way to new labor-intensive enterprises and would generate additional employment through a price increase, because of devaluation, for imported capital assets. In other words, the development strategy should be oriented toward an "outward" growth model which permits a more efficient allocation of productive resources and exploitation of comparative advantages.

Reorient Public Expenditures Toward Investment

For the last 12 years, the expenditures of the national government have shown a truly alarming trend. While 43.2 centavos of each peso disbursed in 1974 were allocated to the investment sector, this proportion was less than 18 centavos in 1985. In other words, the growing state bureaucracy is absorbing more resources, sacrificing investment as the only element politically susceptible to cuts. The country has stopped carrying out major projects, preferring to leave its management to politicians who squander money on a bureaucracy that is too big for us.

Reorientation of the expense structure toward productive public projects (bridges, equipment for schools and hospitals, construction of more highways, urban renewal, and recovery of land) would effectively generate value added, stimulate the production of goods needed to carry projects out, and absorb a large number of workers, reactivating demand since, as has been said, we are still far from full employment.

Create Tax, Credit Incentives in Less Developed Zones

The adoption of a differential minimum wage is feasible and so is the establishment of exceptions that permit the industrialization of intermediate cities most affected by unemployment. The first step and the most feasible step is to reduce interest rates for the lines of development credit from the Bank of the Republic made through the Industrial Financial Fund and the Private Investment Fund via commercial banks and financial corporations.

The second step and the most important is the establishment of some tax incentives in these zones like the creation of a CAT [Tax Credit Certificate] for

generation of employment. It would permit the businessman to deduct part of the recruiting and training costs from his taxes.

Other Complementary Measures

All the above points show that the generation of new jobs depends almost exclusively on the state. It not only absorbs enormous productive resources and does nothing with them--which translates into an unnecessarily high deficit--but also erects innumerable obstacles in the form of laws and regulations. Only the political will of the legislators and agreement between them and the unions and labor movements will succeed in taking the country out of this serious situation of chronic unemployment.

In addition to the formulas expressed above, ANIF recommends the following: private contracting of general services for the public sector; establishing a state purchasing policy that takes into account domestic production capacity as a way to stimulate national industry; strongly supporting small business with tax, credit, and training incentives; and continuing the policy of austerity in public expenditures as a way to transfer resources to the private sector and financial sector.

7717

CSO: 3348/399

BRIEFS

VATICAN, UN HURRICANE DONATIONS--Havana, 1 Feb (EFE)--Pope John Paul II has sent Cuba a donation of \$20,000 to provide some relief for the damage that hurricane Kate inflicted on the country's economy. Following instructions from the Vatican Secretary of State Cardinal Casaroli the apostolic pro-nuncio in Havana, Monsignor Einaudi, presented the donation to the Cuban authorities. The UN Office for Coordination of Disaster Relief also approved a donation of \$30,000 for the same purpose. [Text] [Madrid EFE in Spanish 2118 GMT 1 Feb 86 PA] /9274

CUBA IN FAO AID PACKAGE--The UN Food and Agriculture Organization, FAO, approved an emergency food assistance program for the Philippines, Jamaica, and Cuba. The FAO will provide Nicaragua [as heard] with maize, beans, and oil value at \$2 million. The Philippines will receive edible oil and grains. Upon approving Cuba's contribution, the FAO stressed that during the first moments that the population was affected by hurricane Kate, they received food from state resources. FAO's assistance to Cuba consists of edible oil and beans totalling \$1.25 million. [Text] [Havana Radio Rebelde Network in Spanish 0000 GMT 1 Feb 86 FL] /9274

CSO: 3248/245

GUATEMALA

CEREZO CONFIRMS 8 IN CABINET POSTS

Guatemala City PRENSA LIBRE in Spanish 28 Dec 85 p 2

[Text] Only four cabinet ministers remain to be selected by the president-elect of Guatemala, Vinicio Cerezo Arevalo, Christian Democratic Party sources reported yesterday.

They are the ministers of defense, foreign relations, energy and mines, and interior. Several persons have been proposed for the posts, but Cerezo Arevalo has not made a decision yet.

The same sources indicated that Rene de Leon Schlotter would be appointed to the newly created post of development minister; Lizardo Sosa would be named economy minister; Dr Rodolfo Paiz Andrade, finance minister; Dr Eduardo Meyer Maldonado, education minister; Rodolfo Estrada, agriculture minister; Eduardo Goyzueta, communications, transportation and public works minister; Catalina Soberanis, labor and social welfare minister; and Elmar Rene Rojas, the head of the new Culture Ministry.

Cerezo Arevalo said that he is currently talking with representatives of other political parties about a choice for interior minister. "The minister need not be a Christian Democrat," he added.

When asked about the surprising switch involving Rene de Leon Schlotter, who had been mentioned as a possible foreign minister, the president-elect indicated that he was named development minister so as to take advantage of his magnificent international contacts with an eye towards securing technical and financial aid to promote development in all spheres, particularly in rural areas.

8743

CSO: 3248/174

NEW MINISTRIES VIEWED AS 'SUPERFLUOUS'

Guatemala City PRENSA LIBRE in Spanish 28 Dec 85 p 10

[Editorial: "The New Ministries and Administrative Inefficiency"]

[Text] No one should be surprised by the announcement that two new ministries are going to be created. The Development Ministry will be run by Rene de Leon Schlotter, and Elmar Rene Rojas will be in charge of the Culture and Sports Ministry. The former is undoubtedly an experiment that ought to be followed with great interest, while the latter can be viewed only as a consolation prize.

The establishment of two new bureaucratic bodies again raises concern, however, over the excessive growth of government, because such a move seems to be totally at odds with the much touted need to drastically cut government spending. What can seemingly be expected of any government is a firm resolve to spend tax revenues as wisely as possible, because as we know, such revenue always turns out to be inadequate, for all of the familiar reasons, such as the highly developed art of evasion, disorderly collection procedures, a poorly distributed tax burden and others that it would be pointless to repeat.

Fundamentally, however, and in this regard we are merely reiterating previous assertions, we are disturbed by the lack of desire to look into the wasteful spending that the government engages in to maintain so many public sector agencies that do not meet the people's needs. Under the pretext that Guatemala is a primarily agricultural country, we have seen a proliferation of institutions whose mission is to help boost farm output and safeguard natural resources. As we can see, all of them together have achieved neither of these goals. If agriculture has improved and if production is higher today than yesterday, it is due mainly to private enterprise. It is the fruit of hardworking large, medium-sized and small farmers. The former have made use of their own funds and loans from private and state-run banks; the latter have done without loans because banks do not lend to farmers who do not have enough assets to guarantee them. Instead of being the beneficiaries of farm credit, small and peasant farmers seem to be its victims, as we can see from the thousands of auction notices that the Official Gazette publishes monthly.

To say that there is a duplication of effort in government assistance to farming is an understatement; there is overlapping on all sides, as well as

an undeniable squandering of funds. There are several small, autonomous and all-powerful empires in the country, and their performance has been disappointing.

A Development Ministry can be justified only if it can completely replace the current unworkable system. But if it merely becomes another in the hodgepodge of institutions that have shown their uselessness time and again, then the country will have gained nothing.

As far as the Ministry of Culture and Sports is concerned, we can only reiterate previous remarks. It will have to show that it will not out of inertia interfere in areas that properly belong to the Education Ministry and the Autonomous Sports Confederation of Guatemala. A Culture and Sports Ministry is, in plain language, an attempt to centralize athletic activities.

Stemming the impulsiveness of a victorious political party that is about to take office is a difficult task, but we cannot but caution that the swelling of the government bureaucracy runs counter to the goal of putting the government's financial house in order.

8743

CSO: 3248/174

SCHLOTTER COMMENTS ON DUTIES, CRITICISM

Guatemala City PRENSA LIBRE in Spanish 29 Dec 85 p 5

[Text] The creation of two new ministries by the incoming administration will take place under a constitutional mandate and help to prevent a swelling of the bureaucracy, Rene de Leon Schlotter, the next development minister, remarked yesterday.

"The basic mission of my ministry," he said, "will be to plan for the comprehensive development of the country's poorest sectors and to coordinate the activities of government agencies and private foundations to avoid a duplication of effort.

"Initially, we will promote the creation of base communities in all towns, especially in the most remote or inaccessible ones. In the cities these groups will be located in disadvantaged neighborhoods," he added.

In conjunction with existing organizations, such as cooperatives and other social institutions, these groups will set up the municipal development councils that the constitution provides for as the lowest level of the National Council on Urban and Rural Development.

There will also be departmental councils, which will encourage the population to become directly involved in the planning and execution of development projects. In addition, they will provide communities and organizations with all of the funds and services for their own development.

Actually, he remarked, the Development Ministry will consist of a small group that will plan and coordinate the activities that the other ministries will carry out.

Another of the functions of the new ministry will be to systematically guide the work of development institutions such as the Municipal Development Institute, INACOP, Community Development, the National Reconstruction Committee and the National Enterprise for the Economic Promotion and Development of El Peten. "For the first time in Guatemala's history, instead of creating more bureaucracy, we will be bringing in private enterprise, aside from harnessing technical and financial resources from overseas," he added.

In conclusion, De Leon Schlotter said that in spite of what many think, his appointment as development minister is a great honor and a reflection of the total confidence that President-elect Vinicio Cerezo Arevalo has in him, inasmuch as his ministry will be among those with the heaviest responsibilities in the administration.

HEALTH MINISTER DECLARES WAR ON CORRUPTION

Guatemala City PRENSA LIBRE in Spanish 30 Dec 85 p 3

[Text] "More than 250 professionals took part in developing the national health care plan, which comprises three basic points: a ministerial overhaul, an attack on corruption, and providing hospitals and health care centers with medicine."

This is what Dr Carlos Armando Soto had to say about his program of activities slated to begin on 14 January. Soto is the next minister of public health and social welfare, according to the official announcement by President-elect Vinicio Cerezo.

In giving further details on these points, Soto, who is currently a Christian Democratic member of the constitutional assembly, said that "a ministerial overhaul is needed because the ministry is in complete disarray and there is no communication or links between the various medical and administrative units."

As for the battle that he plans to wage against corruption in the ministry, he indicated that "in many sectors of public health Guatemala has been invaded by this disease, which has become institutionalized to such an extent that we will need the aid of other government bodies to eradicate it."

The third point in his program under the 5-year Cerezo Arevalo administration calls for supplying so-called generic medicines, which he said are less expensive, to the approximately 700 health care centers in the country and to all of our hospitals.

He reported that to this end Guatemala has received \$2 million worth of low-cost medicine from the United States for health care posts in the interior. Japan will make a \$4 million donation for about 125 health care centers.

Soto Gomez stated that the Cerezo administration, in keeping with its general policy, wants a program to lower the cost of medicine, adding that the ministry would implement such a program when it is developed.

"This program," he said, "will run parallel to the aforementioned donations, so that the Guatemalan people do not suffer because of a lack of so-called generic drugs. Its goals are already outlined in the party's statement of philosophy."

He underscored the importance of preventive medicine in rural areas. "The Christian Democratic Party has set up a primary health care program, which is nothing new but has never been tried before in Guatemala. We will devote our every effort to it in a bid to cut down on the number of sick people who go to hospitals to seek care and who have not yet been attended to."

At another juncture Dr Soto reported that the World Health Organization has indicated about 250 basic drugs that can combat at least 95 percent of all diseases. "There are more than 20,000 unnecessary drugs in Guatemala; this means that the companies that produce them should stop doing so."

He said that the generic drugs would be available first at government health care centers and would later be sold at pharmacies around the country "so that anyone can take advantage of their low price and so that private doctors can prescribe them."

"We will work together with other agencies to improve the nation's environment and to enable our people to take advantage of this improvement," he added in announcing harsh penalties for those who violate public health laws, especially fumigators.

"There are few institutions in Guatemala devoted to safeguarding our fauna and flora, and the ones that exist always come up against insurmountable obstacles, especially when farming areas along the southern coast and other productive regions come under attack."

He recalled his time as a government adviser under General Rios Montt, when a law was drafted to impose drastic penalties on those who harmed the environment. "We got nowhere, however, and the law remained dead letter. But any agency that works in this area will have the backing of the ministry and the government."

He said in conclusion that the ministry has specific programs for oral and mental health, for the handicapped and for others who have never before received proper care, adding that there are many illnesses to be combatted.

8743

CSO: 3248/170

LABOR CALLS ON ARMY TO DISARM EXTREMIST GROUPS

Guatemala City PRENSA LIBRE in Spanish 30 Dec 85 p 2

[Text] The Confederation of Union Unity of Guatemala [CUSG] yesterday issued a communique calling on the army to do its job and insure the safety of citizens and disarm the groups that are terrorizing the population.

"Through the chief of state, the army has taken the first step by respecting the right of Guatemalans to vote. We thus call on it to guarantee the unfettered exercise of economic, political and labor union freedom by getting rid of groups such as the ESA, which want to continue massacring the people," the confederation added.

The CUSG feels that political parties should see to it that man's institutions and values are respected and engage in a constructive opposition vis-a-vis their political adversaries.

"One of the biggest problems facing Guatemalans today is the economic crisis, which has plunged working class families into unprecedented poverty.

The crisis can be surmounted only through an honorable dialogue between employees and employers in an attempt to come up with answers that will benefit all. "A new popularly elected government gives us the right to organize and to put forth our thoughts with complete integrity," the CUSG added.

"The president-elect can count on the cooperation of organized labor in building democracy. Yet, if the government strays from this goal and restricts the people's freedoms and rights, the CUSG will be the first in the vanguard to defend the people."

The CUSG also stresses that the new authorities must give priority to the following issues: unemployment, the high cost of living, higher wages, a currency revaluation, spurring production, just changes in tax laws, the eradication of terrorist groups, and in particular the passage of a law regulating the organization and operations of labor unions.

"Our vote was a vote to halt abuses, and we therefore call on the army to do its job and provide security by disarming the extremist groups that seek to plunge the country into a period of fear and backwardness," labor group indicated in conclusion.

MEJIA, LOBOS RETIRED FROM MILITARY AMID PRAISE

Guatemala City PRENSA LIBRE in Spanish 14 Jan 86 p 14

[Text] Yesterday, Gen Mejia Victores, who had been head of state until today, declared: "I am proud and gratified at having fulfilled my obligation," upon being given a send-off with honors at the Air Force (FAG) military airport; because he is being retired from the Army, having served for the period of time stipulated by the law establishing the country's armed forces.

Also given the same send-off was Gen Rodolfo Lobos Zamora, who ends his mission as chief of the defense staff today. The two generals voiced their gratification at having spent several years serving the country in the various agencies of the military institution.

Present at the ceremony were Gens Cesar Augusto Caceres, deputy chief of the defense staff; Jaime Hernandez, commander of the Honor Guard and, as of today, defense minister; and Hector Gramajo, commander of the Justo Rufino Barrios headquarters and, as of today, chief of the defense staff; as well as Gen Edilberto Letona, commander of the Marshal Zavala brigade, and the commanders of the various military zones in the interior part of the country. In attendance were troops from the Navy and Air Force and the various military commands.

It was General Caceres Rojas who delivered a speech, citing the vacuum left in the Army by these two officers, Generals Mejia Victores and Lobos Zamora; because (he said) they always managed to carry out the different missions assigned to them with chivalry.

He stressed: "The Army is sorry that they are retiring, and for this reason we are paying tribute to them today with a well-deserved honorary send-off." Whereupon he presented them with a medal and a certificate.

In his remarks, General Mejia said: "I am retiring with pride and gratification, because we feel that the obligation fulfilled has really been an obligation fulfilled, because we have achieved it; it has been difficult for us; we have steeled ourselves. So, on behalf of my family, I thank you for this beautiful ceremony. Take the advice of an old soldier: Our Army will always continue forward in the vanguard position that belongs to it."

General Lobos, for his part, commented: "Today, the Guatemalan people are achieving a genuine democracy, to which the Army has contributed considerably."

He noted: "In the struggle to attain democracy, the Army has played its part, shedding the blood of many of its soldiers and officers."

He explained that both he and some members of his family had received the "caress" of bullets coming from the terrorist groups.

He added: "In the change of command, there was revealed an almost perfect, spotless, electoral process, such as there never has been in history. Nevertheless, the price that we have paid is significant, because many military comrades have preceded us on the path toward infinity. Many mothers have wept for their sons, many wives don't have any explanation to give to their children, because their father no longer comes on leave or a pass.

"How many officers and soldiers are in wheelchairs, knowing that they will never be able to walk? How much grief have we received as compensation for the duty performed? I can say all this with knowledge of the facts, because my boots bear soil from the Las Minas and Merendon mountains, or from any other corner of the country."

In conclusion, General Lobos recalled what he used to tell his soldiers when they were wounded: "My morale is very high, as is my obligation as a soldier. Goodbye, brothers in battle."

2909

CSO: 3248/192

GOVERNMENT SAYS MODEL COMMUNITIES HELPING MANY

Guatemala City PRENSA LIBRE in Spanish 22 Dec 85 p 2

[Text] Development enclaves have benefited more than 5,000 peasant farmer families that had long been neglected, the government's Public Relations Office, which is headed by Ramon Zelada Carrillo, has reported.

The government spokesman told newsmen that these communities provide brighter development prospects for Guatemalan peasant farmer families. They are given housing, technical support, electricity, drinking water and other resources they need to live. He indicated that the families living in the development enclaves are from regions that were under constant attack from subversive groups and were forced to move elsewhere for their own safety.

"The military government of General Mejia," he went on to say, "realizing that these people could not continue to live in impoverished conditions, has supported them in their search for a place in which they can be safe and have the elements that are indispensable to recommencing normal and productive lives."

Zelada recalled that anti-Guatemalan groups overseas had previously criticized these enclaves, calling them concentration camps. On a personal visit here, however, Lord Colville, the viscount of Culross, the special rapporteur of the human rights commission, said in his report that "the only fence that I observed in the enclaves was the one around a vegetable patch to keep out the hogs."

"The towns in question," Zelada added, "are perhaps the most humanitarian projects of the outgoing regime. The foreign ambassadors stationed here have gone to see them and have praised them, because they represent direct support for needy individuals, most of them Indian peasant farmers."

The government spokesman said that these communities did not even use to have access roads. The peasant farmers had to get their produce out on muleback in some cases, but most of the time by lugging it themselves.

"In other words, not one iota of modern technology was available to them. Now that they have roads, electricity and drinking water, they feel that 'a new life has opened up for them,'" Zelada Carrillo said in conclusion.

8743

CSO: 3248/171

BRIEFS

MLN REPUDIATES ORTEGA'S PRESENCE--The National Liberation Movement [MLN] and its top-ranking leader, Mario Sandoval Alarcon, have voiced their complete repudiation of the presence on Guatemalan soil of Daniel Ortega, who represents the puppet Marxist regime of Nicaragua; while at the same time condemning those responsible for his presence in our country. Sandoval Alarcon adds: "We cannot understand how the National Army could give military honors to a guerrilla 'commander' who, besides not having any military rank, has appointed himself president of a fraternal country that is currently the 'second Soviet satellite in America,' and its government the only one responsible for the bloodshed in El Salvador and the deaths of our Army's soldiers and officers. For this reason, I decline the invitation to attend the swearing-in of President Vinicio Cerezo Arevalo; because the mere fact of sharing a roof and such a significant ceremony with Ortega is an offense to freedom. It is incomprehensible that, at the first step that our country is taking toward democracy, the one fostering the destruction of that democracy should be present." Sandoval Alarcon continued: "Ortega himself, with his weakened military complex, should realize the harm that he is causing us by his presence; which resembles more of a Sandinist mockery for those of us who believe that we shall be initiating our legal political existence on 14 January." He concluded by saying: "I hope that the presence of such a sinister individual doesn't represent the new regime's first mistake, which we would have to regret later, and in the near future." [Text] [Guatemala City PRENSA LIBRE in Spanish 12 Jan 86 p 5] 2909

BALSELLS HEADS INDE--Engineer Roberto Balsells Figueroa, former member of the board of directors of the National Institute of Electrification [INDE], under a previous administration, was named by the new government as chairman of that entity. The announcement was made by Vinicio Cerezo Arevalo at a press interview in which he also said that the other INDE officials would be disclosed during the second half of January. The institute's new constituent law stipulates that, in addition to the chairman, this entity will be headed by a vice-chairman and seven deputy general managers for the various departments comprising the institute. [Text] [Guatemala City PRENSA LIBRE in Spanish 11 Jan 86 p 4] 2909

CULTURE MINISTER ON DUTIES, PLANS--"We have been a kind of parasite culturally, because we accept anything that comes to us from outside and, as a result, we are wearing garb without the national identity that belongs to us," declared

architect Elmar Rene Rojas, minister of culture and sports in the next government, speaking yesterday. Rojas was interviewed to learn about the most important features of the new ministry. He said that it would absorb the offices operating in that same area, but that they have not been coordinated. "At the present time, we are making the table of organization, but I can say that the fine arts sections and the major areas of anthropology, sports, etc., will be participating. The entire team at our disposal will be comprised of the research units, and the country's cultural policies will be created. We also require communications, to convey the cultural message to all Guatemalans, so that we may start acquiring an awareness of our nationalism. We must clearly realize what we are, be proud of being Guatemalans, and redeem not only the product of Guatemalans, but also the person himself; and not just on the artistic levels, but rather essentially on that of what people have done in the past, and what we shall do in the future, based on the concept of culture, regaining the experience of those who have preceded us. We shall take into consideration, for example, areas such as that related to natural medicine, arts and crafts, folklore, behavior and manners and the style of the Guatemalan person, which is what we intend to preserve, because at the present time, 'Guatemala is not wearing the dress that it should have.'" As for human behavior, he remarked: "I cannot stand observing a Mateo Flores serving as a caddy on a golf course used by wealthy gentlemen. We must lend him dignity, as must be done with all assets. There is no mark in the culture, for we have taken international patterns. We have become cultural parasites. We have received everything from outside, whereas, even on national levels, we are people who have won a Nobel Prize." In conclusion, he noted that television channel 5 (of the Army), the national broadcasting network TGW, and all the state news media will become part of the Ministry of Culture. [Text] [Guatemala City PRENSA LIBRE in Spanish 11 Jan 86 p 4] 2909

TEACHERS DEMAND DIRECT NEGOTIATIONS--The National Teachers Council, which staged an unsuccessful strike for a 100 quetzal basic teachers salary, yesterday issued another communique in which it asserted that it does not recognize the current education authorities and that it would not return to normal teaching duties as long as the current military government is in office. It is recommending that teachers return to normal activity on 14 January when a civilian government takes over in Guatemala. The council also called on principals and supervisors not to give in to the current authorities, who at the "last minute" appointed their own relatives. Over the first 13 days of 1986 teachers will merely register students to point up the problems created by the automatic promotion ordered by the current minister, Aracely Samayoa, whom the National Teachers Council declared a "persona non grata to the nation's teachers." In yesterday's communique the council indicates that it has begun talks with President-elect Vinicio Cerezo and that he has offered to act favorably on its requests. [Text] [Guatemala City PRENSA LIBRE in Spanish 29 Dec 85 p 2] 8743

ORGANIZING COMMITTEES CANCELLED--Seven political party organizing committees were disbanded in 1985 because they failed to meet the requirements set forth in the existing political organizations laws, election authorities have reported. Among the parties that were left on the sidelines were the United Revolutionary Front, Democratic Action, the Democratic Revolutionary Union, the Democratic National Coordinator, the 20 October Movement, the Humanist Movement of Democratic Integration, and the Populist Movement. Their disqualification was based on the provisions of Article 44 of Decree-Law 32-83 as promulgated by the regime of Gen Efraim Rios Montt some months after taking power. Other committees are reportedly in the process of meeting the same requirements; they still have a few months left to establish themselves as political parties. [Text] [Guatemala City PRENSA LIBRE in Spanish 28 Dec 85 p 31] 8743

NEW MINISTRIES EXPAND BUREAUCRACY--"The creation of new bureaucracies shows a lack of familiarity with Guatemala's real situation, as the country is not in a position to spend more money," political leader Lionel Sisniega Otero said yesterday in reference to the ministries that the new administration will establish. "Vinicio Cerezo apparently intends to create the ministries of development and culture and sports. This will mean three further increases in budgetary outlays, at a time when we Guatemalans ought to be tightening our belts," he added. "Our country is not in a position to conduct experiments that will add to the widespread and painful poverty besetting Guatemalans." The celebrations scheduled for the Third Central American Games in January of next year are also a waste of money, Sisniega Otero asserted. As far as the appointment of the new ministers is concerned, the political leader said that this is one of the powers of the new chief executive and that Guatemalans can only hope that they discharge their duties in their respective posts. [Text] [Guatemala City PRENSA LIBRE in Spanish 29 Dec 85 p 2] 8743

MASS FIRINGS DENIED--Christian Democrat Congressman Dario Acuna Alvarado, who is being mentioned as the new comptroller, reaffirmed yesterday that Vinicio Cerezo's administration would not order massive firings or dismiss any government employee without just cause. Contacted over the telephone at his home, the new Christian Democrat congressman said that in accordance with the philosophy of the comptroller's office, "we want each civil servant to excel, to receive higher pay and to serve the public better." "We will endeavor," he went on to say, "to banish the corruption and abuse of power that have plagued previous administrations, done great harm to the Treasury and to the people and created horrible situations." Acuna Alvarado is currently a member of the National Constitutional Assembly and of the Guatemalan Christian Democratic party bloc and has been mentioned as the new head of the comptroller's office, a post that he has held once before. When questioned about the rumors, he asked that the matter be raised with him on another occasion "because at this time we are working on the government programs that will start up when Mr Cerezo Arevalo takes office." [Text] [Guatemala City PRENSA LIBRE in Spanish 29 Dec 85 p 2] 8743

UNEMPLOYMENT HITS 1.2 MILLION--According to data furnished by labor leaders, 1.2 million Guatemalans are without jobs at the moment, one of the saddest situations in the country's history. The secretary of the National Federation of Guatemalan Workers, Ismael Barrios, said that while joblessness is on the rise, the cost of living is climbing as well, making it impossible for thousands of families to enjoy decent living conditions. He emphasized the need to seek solutions to both problems by taking sound and realistic financial measures, based on the conviction that Guatemala's basic problems are economic. "The Guatemalan labor movement," he added, "has been viewing the increase in unemployment with great concern as it hits unprecedented levels. Unless the next administration pursues realistic programs, the problem will remain out of control." [Text] [Guatemala City PRENSA LIBRE in Spanish 30 Dec 85 p 16] 8743

'POLITICAL OPPORTUNISM' SCORED--"The incoming Christian Democratic (DC) administration must not put up with the political opportunism of traditional leaders who are now trying to get on the Christian Democrats' good side to reap personal benefits," Ramiro de Leon Carpio, a former vice presidential candidate and secretary general of the National Center Union Party (UCN), stated yesterday. "All domestic political sectors ought to be given a role to play in a pluralist democracy," he added, "but this should not be construed as giving cushy jobs or privileges to shady political leaders who are always looking out for their own welfare. The people are realizing," he noted, "that these sorts of individuals, who previously attacked the Christian Democrats, are now trying to curry favor with DC leaders. They are not furthering political pluralism; they are merely after good jobs in the incoming administration. I appeal once again to the DC leaders," De Leon Carpio said in conclusion, "to say no to these individuals with a shady past, whom the people would like to forget about because of their dubious record." [Text] [Guatemala City PRENSA LIBRE in Spanish 20 Dec 85 p 6] 8743

CSO: 3248/171

BRIEFS

HOYTE WAR ON DRUGS—Georgetown, 7 Feb (CANA)—Guyana President Desmond Hoyte has called on Police here to declare an all-out war against drug abuse and narcotics trafficking. Addressing more than 120 senior police officers yesterday, he said comprehensive measures must be taken to deal with those who committed such crimes. Said Mr Hoyte: "There is one area that has been causing the public a great deal of concern, and that is the virtual state of anarchy that prevails in our streets. We have witnessed in our country, in the past few years, a most disturbing development. I refer to the traffic in drugs, which has resulted in an increase in the incidence of drug abuse, particularly among young persons. "The suppression of this traffic in drugs must be a major priority. There can be no doubt about the evil nature of this trade, and of the enormous social and economic damage it brings in its wake. We have to wage a merciless war against those criminals who engage in this devilish business." Mr Hoyte gave no statistics or evidence of the gravity of the problem, but called on the Police to move speedily to bring to justice all those who trafficked in drugs. [Text] [Port-of-Spain TRINIDAD GUARDIAN in English 8 Feb 86 p 5] /9274

CSO: 3298/322

PERU

VILLANUEVA ON NATIONALISM, MIRAGE PURCHASES

Lima EL COMERCIO in Spanish 11 Jan 86 p B 7

[Text] Paris, 10 Jan (DPA)--Peru's nationalist policy does not affect the interests of the capitalist world, according to Armando Villanueva, secretary general of the Peruvian Aprista Party (government party), today. He is in Paris on a private visit.

Villanueva, also chairman of the Defense Commission of the Peruvian Senate, just spent 13 days in the USSR. He was invited there by the Committee for Solidarity with the Latin American Peoples.

Villanueva arrived in Paris on Saturday and has not had any official contact during his stay.

Villanueva defined the government of President Alan Garcia as a government of workers and peasants. He said relations between his country and the United States are very good.

Peru decided not to use more than 10 percent of its export revenue to pay its foreign debt and has just imposed new conditions on the U.S. oil and copper companies in its territory.

Villanueva said that the government respects and encourages U.S. investments as long as they do not hurt national interests.

As to payment of the debt, he revealed that Peru recognizes its obligation to pay the debt but asks its creditors to understand that it cannot pay under the original conditions that were agreed on.

The Peruvian politician reaffirmed the determination of President Garcia's government to amend the agreement with France to purchase 26 Mirage combat planes.

7717

CSO: 3348/381

BELAUNDE CRITICIZES CURRENT OIL POLICY

Lima EL COMERCIO in Spanish 13 Jan 86 p A 5

[Text] Former president Fernando Belaunde criticized the government's oil policy and felt that a new conflict had begun in Peru with the cancelation of the oil contracts of three U.S. enterprises.

He called the government's decision to cancel the contracts of Occidental Petroleum, Belco Petroleum, and the Oxi-Bridas Consortium a mistake.

He maintained that the government exchanged oil contract terms that were intended to attract foreign investment for others that are less advantageous for the country.

Occidental Profited

He added that Occidental Petroleum profited since it was granted Lot 36 that was to be distributed among several companies.

He recalled that Occidental repeatedly asked the previous government for that lot but did not achieve its objective. He noted: "But this government has made things very easy for it."

The former president spoke out during the last plenary meeting of Popular Action, a meeting that was held in private at Belaunde's request.

Rupture of Relations with Belco

Belaunde also spoke out against the rupture of all trade relations with Belco Petroleum. He called this a harsh action against one company "that has almost been absorbed by another more powerful company."

He warned that this situation will have serious consequences for the country because there was no constitutional problem with Belco. He stated that there is no comparison with what happened with the IPC [International Petroleum Company].

He said: "Whatever is taken from Belco will have to be paid for, whether in oil or in installments. I don't think capital should go from the poor country to the rich but vice versa."

Since a national enterprise will replace Belco, he demanded strict supervision by the controlling organizations of the money to be invested by the new Peruvian company.

Belaunde observed that at least \$75 million will be in the hands of the Peruvian firm in the next 6 months. He said it should be carefully supervised.

He emphasized: "There must be close supervision as with Popular Cooperation, an organization with a very complex bookkeeping system."

Reduction of Taxes

The Popular Action leader also stated that the reduction of the tax on oil enterprises from 68 percent to 41 percent passed by his government was applied to reinvestment programs.

He added that this has been questioned but it always existed in different sectors such as agriculture and energy. It was not an unpaid tax.

He objected to the change of the distribution of 50 percent because, in his opinion, there will be less revenue for the state.

He said that things have worsened with this system. The position is demagogic and seems to have been taken with the desire to hurt the previous regime.

Former president Belaunde will travel to the United States next Wednesday to give a series of lectures at different universities. He plans to return in March.

7717

CSO: 3348/381

PERU

PETROPERU TO OPERATE FORMER BELCO OFFSHORE PLATFORMS

Lima EL COMERCIO in Spanish 28 Dec 85 p A-7

[Text] Until yesterday, Belco Petroleum Corporation of Peru exploited three lots off the coast of the departments of Piura and Tumbes. However, President Alan Garcia officially announced that Belco will no longer operate in Peru.

The general manager of Belco, Dante La Gatta, avoided journalists yesterday. Belco had just announced to the Peruvian Government its decision to leave Peru. 'It came to our country on 9 January 1959.

That company extracted between 25,000 and 28,000 barrels per day of crude oil from the continental shelf. According to the president, it did not accept the new rules proposed by the Peruvian Government for investment, exploration, and exploitation of oil.

Once the document turning over the fixed assets of that enterprise is signed and they are appraised, PETROPERU [State Petroleum Agency] will be in charge of all the operations in the three lots that Belco exploited.

According to President Garcia, PETROPERU is capable of operating that entire complex made up essentially of 111 marine platforms to extract oil. This is an expensive and technically complicated method but, according to PETROPERU spokesmen, it has the technical ability to manage these installations. Belco also has a land field in the Negritos zone.

License Voided

Belco's operating license was voided since that enterprise did not make a flexible and reasonable counterproposal to the new requirements for oil investment.

The majority of Belco's workers and employees were provided by subcontractors so there will not be a major labor problem. Belco directly employs a small number of professionals, mostly from the United States, according to sources tied to that enterprise.

With Belco's assets going to PETROPERU, it will become the top oil producer in the country. It also has a monopoly in refining.

The Supreme Court of the Republic will soon appoint a group of independent appraisers to appraise Belco's assets so that the government can make the necessary payments.

Lots Being Exploited

Lot Z-1A that Belco exploited is located opposite Tumbes. The contract for oil operations was signed on 20 September 1971 and renegotiated on 11 July 1980. Belco was associated with the Union Oil Company of Peru for this exploitation. It covers 206,702.54 hectares.

The second lot is Z-2A located opposite Piura. The operating contract was signed on 13 August 1973. It was renegotiated under a new basic agreement on 2 May 1982. It covers 207,339.16 hectares.

The third lot, Z-28, is also opposite Piura. It went into operation through D.S. 001-82 EM/DGH on 15 January 1982. It covers an area of 339,537.15 hectares.

7717

CSO: 3348/346

LEGISLATIVE DECREE SETS BASES FOR TAX RESTRUCTURING

Lima EL NACIONAL in Spanish 2 Jan 86 p 12

[Text] The tax system in effect until July 1985 was considered incapable of fulfilling the objectives for which it was created. The new Aprista Government immediately appointed a committee to reorganize it. In addition to the temporary measures taken between August and October, it now issues Legislative Decree 362 that lays the bases for the improvement of the national tax policy.

The changes cover the structure of progressive collection and direct taxes (specifically the income and estate tax). Among the measures that will attract the most attention from the taxpayers is the complete elimination of the tax on remuneration for personal services, a measure that strives to achieve greater equity in income taxes for natural persons based on their taxpaying capability.

As a complement to the elimination of this tax, called a "blind" tax because of its indiscriminate application on all income levels, the income tax scale will be restructured in order to tax people with higher incomes more and benefit the needier classes.

Also in order to help people who have family dependents, the deduction for each dependent increases from 1 UIT to 1-1/2 UIT.

Thus, for example, a person with a gross monthly income of 4,500 intis and three family dependents (wife and two children) who paid 2.69 percent of that income before will now only pay 0.36 percent. The tax is completely eliminated for people with the same number of dependents whose gross monthly income totaled 2,500 intis. On the other hand, people with the same number of dependents who have a gross monthly income that reaches 15,000 intis, for example, will have their taxes increased from 11.5 percent to 12.1 percent.

Limit Evasion

Some enterprises have been improperly using deductions permitted by law to reduce their taxes. In order to fight that evasion, the government has adopted the following measure, among others: limitation of the deduction for

expenses not tied to the development of the enterprise such as vehicle, gasoline, public relations expenses, etc.

It also established some accounting measures to fight tax evasion. However, this is not the only type of evasion. The enterprises used the so-called incentives for reinvestment to reduce their taxes. These incentives also had negative collateral effects like:

High tax cost without the assurance that the investments would not have been made without the incentives;

No evidence that the objectives of development for which they were established have been fulfilled;

Limited absorption of manpower since these incentives favor the installation of enterprises with intensive capital assets;

Concentrating income effect derived from the elimination of tax progression, benefiting those that have high incomes; and

Serious problems of tax evasion and fraud due to difficulty in supervision.

All these effects have caused the economic group led by Dr Luis Alva Castro to opt for the complete elimination of those tax incentives related to the reinvestment of profits.

In order not to affect the enterprises by this elimination, the income tax rates that fluctuated between 30 percent and 55 percent have been reduced to between 20 percent and 40 percent.

Reorientation of Incentives

Following the government guidelines dictated by President Alan Garcia Perez, the productive sectors declared a priority could not be ignored. Therefore, the reorganization has considered, among other things, the complete exoneration of the income tax on agricultural-livestock activities (including agroindustry) and fish for human consumption throughout the country. The complete exoneration of this tax for industries located in the jungle and border zones also continues. However, in view of the need to develop tax awareness while respecting the developmental reasons for tax exoneration in the jungle, it was necessary to tax the rest of the activities in that region at 50 percent of the income tax. Tax collection based on this measure will be allocated wholly to the development of priority activities in the same region.

Job Development

One of the main objectives of all the measures indicated above is the attraction or greater use of manpower. For example, with the elimination of the incentive for reinvestment in fixed assets (machinery, equipment, etc.), the cost of manpower will be reduced. With the elimination of the Tax on Remunerations, personnel costs will go down. The reorganization does not eliminate the incentives in effect for generation of productive employment in

manufacturing and small mining or CERTEM [Certificate of Tax Reimbursement for Employment]. Giving incentives to fishing for human consumption and agriculture will benefit activities that are intensive in unskilled labor.

Support to Local Governments

About 40 taxes administered by the central government make its supervisory work difficult. That is why the economic team has decided to eliminate those with lower collections and, continuing with the decentralizing policy imposed by the president of the republic, has decided to transfer eight major taxes that can be adapted to municipal administration. They include taxes on: inheritance of automotive vehicles, airplanes, and recreational boats; gambling casinos, bingo, prizes and lotteries, bets and horse race purses; and prizes won through commercial promotions, among others. Another aspect that favors local governments is modification of the rates of the Tax on Farm Inheritance which taxes farms of greater value at a higher rate.

This measure increases direct pressure on those who have greater assets. The municipalities are granted those resources that they were demanding from the central government, giving them greater economic autonomy that will even reach the most distant municipalities.

7717

CSO: 3348/346

EMERGENCY AID SOUGHT FOR FISHING INDUSTRY

Lima EL COMERCIO in Spanish 11 Jan 86 p A 5

[Text] The president of the Peruvian Association of Fishing Boat Owners, Pedro Carranza, proposed yesterday that the fishing sector be declared in a state of emergency in order to save the current fishing fleet and to create a new fleet to catch fish for direct consumption and industrial processing.

He made this request to the Senate Fishing and Hunting Commission headed by Esteban Ampuero Oyarce (APRA [American Popular Revolutionary Alliance]). Carranza explained the serious problems which the sector must deal with in order to progress and supply the people with fishing products.

The situation facing the sector was explained during the meeting with that commission. It was revealed that there are only 140 ships left of the 1,500 in that sector. These must be remodeled and receive regular maintenance; they need repairs and nets.

He said: "The current ones are completely obsolete."

The nine-point request that he presented, in the name of the association, to senator Ampuero Oyarce includes increasing prices 10 percent per ton all along the coast by PESCAPERU [State Fishmeal and Fish Oil Production Agency]. It also includes having PESCAPERU transfer parts and unused nets to the shipowners as part of what it owes them.

They also request a reduction in the price of the gas and oil they use from 15,500 to 13,000 soles, the acquisition of nets at preferential prices or a one-time customs exemption as well as other incentives for the acquisition of parts.

7717

CSO: 3348/381

PERU

CENTROMIN SALES HIT RECORD LOW IN 1985

Lima EL COMERCIO in Spanish 12 Jan 86 p F 4

[Text] In 1985, CENTROMIN [Central Peruvian Mining Enterprise] sales totaled \$380 million, yielding the lowest sales revenue in the history of the enterprise.

The chairman of the board of that enterprise, engineer Victor Raul Eyzaguirre, reported this in a message commemorating the 11th anniversary of CENTROMIN.

He indicated that our positive situation as a polymetallic producer permits us to mine several important basic and precious metals. Sales of silver of high purity represent between 36 percent and 51 percent of our revenue.

He added that we produced close to 25 million ounces of this metal in 1985 at an average price of \$6.10 per ounce. This does not compare very well with \$8.14 per ounce obtained in 1984 and \$11.40 per ounce in 1983.

The drop in revenue for silver alone was about \$110 million between 1983 and 1985.

He noted that this is why we try so hard to increase our production as much as possible, especially of silver, insuring the timely fulfillment of our delivery commitments. This will confirm our credit status in international financial circles.

Our economic limitations do not just stem from the low prices, but are also tied to human resources because of wages.

This factor has grown in recent years from an equivalent of \$9.6 million in 1976 to an estimated \$50 million in the year that just ended. In other words, it has grown 600 percent while our revenue decreased 30 percent.

Direct remunerations increased to \$54 million with noticeable increases in indirect benefits, especially for manual workers.

Due to technological developments, we face a gradual replacement of metals. Plastics in optic fibers, the elimination of lead in gasoline, the development

of the ceramic industry, etc., eliminate competitive possibilities for traditional metals.

According to the chairman of the board of CENTROMIN, the response to this situation must be greater management flexibility in order to get into more profitable activities with greater value added.

He said that it is also urgent to analyze our cost structure so that its growth does not exceed the real possibilities of the enterprise.

With this line of action and philosophy, we are eliminating massive projects and going back to those that mature quickly with high profitability and a short period of reimbursement.

He emphasized that our internal bureaucracy will become more efficient, our efforts to implant austerity based on the reality of Peru will continue, and morality through solidarity and example will continue to be our direction.

7717

CSO: 3348/381

PERU

FISHMEAL SALES TO IRAN, YUGOSLAVIA

Lima EL COMERCIO in Spanish 13 Jan 86 p A 8

[Text] PESCAPERU [State Fishmeal and Fish Oil Production Agency] has obtained record prices of \$285 and \$300 per metric ton for fishmeal that it sells in foreign markets.

This announcement was made by the president of PESCAPERU, Fernando Chaparro Tejada. He revealed that these prices were obtained in new international markets like Iran and Yugoslavia.

He stated that sales to those two countries were made government to government, without intermediaries. These achievements by that state enterprise are the result of its new dynamics.

He also maintained that, at the recent meeting of fishmeal producers, PESCAPERU was praised for advances in processing anchovy meal for direct human consumption.

It was also reported that a sales agreement was reached with Iran at the end of December. The Government Trading Corporation in Iran will buy all the fishmeal that the Peruvian enterprise offers.

In the sale to Yugoslavia, the price is \$300 per metric ton with an initial volume of 20,000 tons.

7717

CSO: 3348/381

FAVORABLE TRADE BALANCE WITH JAPAN IN 1985

Lima EL COMERCIO in Spanish 18 Jan 86 p A-13

[Text]: During the period from January to September of 1985, the trade balance between Peru and Japan was in Peru's favor to the tune of \$156.3 million.

Customs Statistics

During that period of time, according to Japanese customs statistics put together by Jetro, the official Japanese Foreign Trade Organization, Peru sold Japan products worth \$260.7 million and purchased goods and services from that country worth \$104.4 million.

In 1984, Peruvian sales to Japan totaled \$407.34 million and purchases on that market amounted to \$160.1 million.

Consequently, Peru's surplus that year was \$247.2 million.

Mineral Exports

During the 9-month period (January to September) of 1985, metal minerals constituted the most important category of Peruvian exports, worth \$112.3 million. Zinc and iron were of greatest significance, totaling \$40.4 million and \$26.1 million respectively.

They were followed by lead, with \$25.8 million, and copper, with \$19.3 million.

It is interesting to note that Peru is Japan's main supplier of lead, followed by Australia and Canada. Peru is the second-ranking exporter of zinc, led by Australia and followed by Canada.

Our country is the second supplier of silver, led by Mexico and trailed by the United States.

Increasing Textile Exports

Among manufactured products, textile exports continued to increase for the second consecutive year (60.8 percent compared with the same period in 1984), with a total of \$8.2 million.

This increase reveals that the Japanese market is accessible to nontraditional exports of textile products from Peru, especially alpaca and cotton.

Concerning imports, one can say that during the same period studied, Peru imported goods from Japan worth \$104.4 million.

The greatest percentage of imports falls into the category of heavy industry in general, mainly machinery and equipment, worth \$63.5 million.

Of that amount, \$27 million correspond to transportation equipment and \$19.4 million to electric machinery. Iron and steel products represent some \$15.4 million.

Another category of imports include products from light industry such as textiles (\$5.1 million) and rubber products, including automobile tires (\$4.1 million).

11,464

CSO: 3348/411

PLANNING INSTITUTE: 5,7 PERCENT INCREASE IN GDP

Lima EL COMERCIO in Spanish 19 Jan 86 p F-12

[Text] The National Planning Institute (INP) has just made public the announcements made by high Executive Branch officials to the effect that 1986 will be the year of the "great leap" or expansion. These announcements are contained in the so-called "Economic-Financial Program," which is now being discussed by government officials and university professors.

Some analysts view the predictions as optimistic, while others call them moderate, for they establish goals for increasing the gross domestic product (GDP) by 5 and 7 percent in two phases. In the private sector, estimates are between 2.5 and 3 percent, optimistically speaking.

Closest Figure

The figure of 5 percent would appear to be the closest due to the fact that in 1984, the last figure given was 4.7 percent and something similar is expected in 1985. Because of delays in the supply of information from economists and government agencies, one has to work with provisional figures, which is not suitable for the time being.

What are the central elements in the planning of the INP, an institution that returns to the forefront after many years of struggle?

In documents being circulated, the rate of exchange is assumed to be frozen and not only until June, but until December. Inflation will be on the order of 17 percent, with major growth in nominal and real wages (31.1 and 12.5 percent respectively) and a loss of exchange parity of -4.3 percent. The effective rate of interest at the close of the period will be about 19.4 percent.

With an economy in recession, it may be easy to increase the product by 1 or 2 points, considering the idle installed capacity and the potential of nontraditional exports in agriculture and specific advanced industrial activities.

Decisive Decisions

However, specific decisions are as yet unknown, such as the financial reorganization of export enterprises in difficulty and the result of talks between production ministries and businessmen aimed at strengthening a psychological climate favorable to a stable exchange rate.

Some commentators believe that this is not the fundamental concern, inasmuch as the program is based on growth in public investment (13.9 compared with -8.9 percent in 1985).

If concerted planning is the aim, as the head of the Institute said in an interview, then these matters must soon be approached.

Private sectors have demonstrated strikingly little interest in the work of the INP, forgetting that this organization enjoyed preeminence in the 1960's.

We would recommend that businessmen read the interesting book by British economist Fitzgerald on economic-financial management during that period.

Modifying Structure of Imports

Another important aspect is that for INP officials, the revival will come about through a modification in the structure of imports, although there would be an increase (to \$2.07 billion).

At the present time, imports are at their lowest point in recent history due to the recession (\$1.86 billion in 1985) and despite this fact, purchases of raw materials and capital goods continue.

INP predictions include a drop in the entry of consumer goods (from \$255 million to \$185 million). This view is labeled optimistic by INP observers.

Obviously, wide-ranging explanations are needed from INP officials, as well as debates in open, independent forums.

Regarding exports, a realistic figure would be \$2.99 billion, compared with \$2,960,100,000 in 1985.

But there are other opinions. The most recent stimulation of demand is considered to have had unexpected effects on the supply of food and inflation, whose control is -- or should be -- the main goal of the economic team.

Persons not involved with daily administration maintain that the partisans of an accelerated expansion of demand were reportedly "cooled off" by the new drop at the beginning of the year.

Consequently, suggesting a "warming up" without anticipating the supply has reportedly been discarded.

By way of additional information, we might note that the growth rate of the GDP is very low in terms of our needs.

Between 1978 and 1984, we regressed to our per capita product of 20 years ago. Paradoxically enough, it is impossible to grow through monetary expansion because we would then see a resurgence of the inflation so laboriously contained.

In conclusion, the original proposal of a selective recovery based on viable enterprises is reportedly gaining ground. The minister of industry's plan of financial reorganization would be one of the tools. There would clearly then be restrictions on gaining entry into that exclusive revival club.

11,464

CSO: 3348/411

BRIEFS

1985 CAJAMARQUILLA REFINING FIGURES--The Cajamarquilla zinc refinery produced over 93,000 metric tons of refined zinc in 1985, which figure represents a new production record, according to MINEROPERU [Peruvian State Mining Enterprise]. The company also indicated that there was a real increase in production at the different units and that in the case of Cajamarquilla, zinc production amounted to 93,587 metric tons. In addition, the refinery produced 273 metric tons of refined cadmium, 170,206 metric tons of sulfuric acid, 12,772 metric tons of Pb/Ag residue and 1,692 metric tons of copper cement. [Text] [Lima EL COMERCIO in Spanish 18 Jan 86 p A-6] 11,464

PRICE CONTROLS ON CORN--Hard, yellow corn produced along the coast and in the mountains was included in the list of basic food products and components subject to price controls. The list also covered any kind of corn used for poultry and farm purposes imported by the National Enterprise for Industrial Marketing (ENCI). These provisions are contained in Supreme Decree 124-85-AG, published yesterday in the official daily EL PERU. [Text] [Lima EL COMERCIO in Spanish 18 Jan 86 p A-6] 11,464

PETROPERU ENERGY SAVINGS--The National Energy Conservation Center is studying a project to conserve energy and use alternatives in the national production sector that would save the country \$130 million a year. According to PETROPERU [State Petroleum Agency], the agency which administers the center, the program will include rationalized use of energy and the gradual replacement of oil by other more economical types of fuel. In order to apply the plan, PETROPERU said that 190 industrial enterprises have already been chosen to participate. There will first be a study of the energy situation of each of the industrial plants in question, for which purpose special hearings will be conducted. In the opinion of officials in charge of the project, the goal of saving \$130 million will be achieved within 5 to 6 years, through a series of technical, economic, legal and administrative activities that will be properly planned. PETROPERU also noted that studies done by the Ministry of Energy and Mining show that many industrial plants over 10 years old are no longer profitable because of the higher cost of energy based on oil. Consequently, there is considerable economic justification for investments in existing plants aimed at achieving more efficient use of energy and a more economic operation, resulting in greater competitiveness. The project to conserve energy and use alternatives is designed to cover a wide range of industrial processes on the national level, the oil company said. Based on its features and scope, officials added, it is a good alternative for a more suitable and efficient use of our energy resources, especially those which are not renewable and which are of the greatest commercial value: oil and gas. [Text] [Lima EL COMERCIO in Spanish 19 Jan 86 p A-11] 11,464

SECOND PIPELINE DEPENDS ON EXPLORATION--The state news agency reported that, according to the agreements reached with Occidental, it will invest \$267 million in two exploratory investment programs that have a bank guarantee. The new investment will be made in Lots 1-A, 1-B, and 36. President Alan Garcia said that if Occidental does not find oil, it will be at its own risk. If it does find it, it will fulfill two conditions. PETROPERU [State Petroleum Agency] can have up to 50 percent participation in the extraction of the oil discovered. Also Occidental Petroleum promises to construct a pipeline. The black gold owned by PETROPERU will be transported for free by that pipeline. Lot 36 is near Brazil, next to the lot where the British-Dutch company Shell found gas some time ago. The discovery of oil and construction of a pipeline would strengthen the entire zone. This pipeline would start in Ucayali Department, climb the Andes through Pasco Department or Huanuco, and then descend to Lima Department to a coastal port. President Alan Garcia recently indicated that Shell has invested \$135 million in exploration so far and has plans to invest another \$100 million. It has only found gas but continues to search for oil. [Text] [Lima EL NACIONAL in Spanish 2 Jan 86 p 4] 7717

PSYCHIATRIST SAYS POPULACE DEMORALIZED--Terrorism, kidnappings, the economic crisis, and lack of protection of the people are causing psychological disorders, depression, and tension in the entire population now. In the opinion of Dr Arturo Vera, director of the Romanet Medical Center, these problems are causing psychiatric problems for the different social levels that must be treated scientifically. He indicated that the majority of the population feels unprotected and does not have complete confidence in those responsible for the safety of society. This causes the people to arm themselves, protect their houses with grilles, hire private policemen, and lock themselves in their houses to avoid being kidnapped or attacked by criminals or terrorists. [Text] [Lima EL NACIONAL in Spanish 3 Jan 86 p 15] 7717

DEPUTY DEMANDS PROVISIONAL GOVERNMENT--In tacit disagreement with the official method of fighting terrorist violence in the central mountains, Alberto Valencia Cardenas, the Aprista deputy for Ayacucho, yesterday demanded the formation of a provisional regional government to plan actions for economic and social development. He added that this would end the current neglect of Ayacucho, Apurimac, and Huancavelica. When interviewed, he said the formation of that regional government has been requested by civic leaders of the department he represents. The congressman, currently first secretary of the lower chamber, stated: "All the sectors in Ayacucho have expressed the need for a provisional regional government in the emergency zone. It must combine the economy and the efforts of the three departments since we have suffered from neglect by the central government for many years." He cited the Mantaro Hydroelectric Powerplant as one example of this neglect. It generates 50 percent of the energy for Lima and even goes as far as Toquepala 700 kilometers away. Ayacucho, which is 150 kilometers away, does not receive that energy, according to Valencia. In open disagreement with the actions designed and executed by the current regime, the Aprista congressman stated: "We have been ignored by all the governments. One of the reasons for the spread of terrorism is the age-old neglect of Ayacucho. Now they try to solve this problem by creating, in Lima of all places, a Peace Commission." He felt that it is a "praiseworthy" effort but, unfortunately, the Peace Commission is made up by sociologists "who talk about the problem. However, they have never heard the whistle of a bullet going by as we have." [Text] [Lima EL NACIONAL in Spanish 2 Jan 86 p 4] 7717

JAPANESE LITERACY ASSISTANCE--The Japanese Government yesterday donated 50 million yen (equivalent to approximately \$250,000) to Peru. It will be allocated to the National Literacy Plan of the Ministry of Education. The Japanese donation was formalized in a document signed in the Palacio de Torre Tagle by the minister of foreign relations, Allan Wagner Tizon, and by the Japanese ambassador to Peru, Tadatsuna Yabu. The donation will be used to purchase audiovisual equipment for the production of television and radio programs which will be broadcast in areas where there is a high percentage of adult illiterates. Closed circuits will be used in those areas to broadcast programs on the state radio and television network. The Ministry of Education estimates that, with this aid and government efforts, approximately 170,000 persons will benefit from the literacy and post-literacy programs in the coming years. The Japanese aid is part of the Basic Scientific and Technical Cooperation Agreement between the two countries. It will strengthen the productive function of the educational programs of the Audiovisual Center for Literacy. The Japanese ambassador was happy about signing this important document which ratifies Peruvian-Japanese friendship which has lasted for more than a century. He indicated that this is the first agreement signed in 1986 and, coincidentally, the first since he has been in Peru. Foreign Minister Wagner pointed out the importance of the donation since, according to him, it will improve socio-cultural integration in the country. [Text] [Lima EL COMERCIO in Spanish 11 Jan 86 p A 4] 7717

CSO: 3348/381

U.S. WORLDWIDE 'INTERFERENCE' LINKED TO TERRORISM

Castries CRUSADER in English 11 Jan 86 p 2

[Editorial: "Two Cheers for Terrorism"]

[Text] One cannot endorse terrorism but one can explain it. The horror of the civilised world when innocent lives are lost through the actions of terrorists is justified. But the numbness of the civilised world when hundreds of blacks are slaughtered in South Africa is an inexplicable horror in itself. The bombing of a Mental Hospital in Grenada during the invasion of that island by U.S. troops is no less an act of savagery than the incidents at the Airports in Rome and Vienna.

Somehow the Third World must find a way of combating the tyranny of the media. The morality of a particular action depends too much on the projection of the media. The Caribbean had a vivid taste of the tyranny of the media during the grim days of the Grenada Invasion when the United States pulled out all stops to manipulate public opinion into regarding the illegal act of Invasion as a Mission of Mercy by a friendly Super-power. That very act of manipulation of the minds of poor semi-literate people in the Caribbean with the full technological blitz of television, radio and the Print media in an

orchestrated campaign of deception is itself an act of terrorism. It is as lethal to destroy the mind of a nation as it is to maim and destroy the bodies of its nationals.

When the moral values of a people are consciously subverted in this way it must be regarded with serious concern. This concern must be heightened when the Leaders of the Caribbean in the persons of the late Tom Adams, John Compton and Eugenia Charles are unashamedly used by outside forces to violate international laws of SOVEREIGNTY in the name of Democracy. The International Laws on Sovereignty are even more sacred than the Conventions against acts of Terrorism. They are certainly more fundamental to the concept of International Peace, and the wanton violation of these tenets of International Law opens the sluice-gates to the activities of terrorists.

No self-respecting nation must subject its people and their mores to the convenient logic of super-power hegemony. Small states especially must be protected from

the opportunism of Super- power might by the adherence to the International Laws which are designed to preserve the peace of the world. We cannot flout such laws with impunity and expect the rest of the world to bow down meekly to these violations. In some curious crazy logic Terrorism has become the Third World's answer to the leviathan that knows no law.

The squalid episode of the U.S. manoeuvres in Nicaragua has removed any legitimacy which President Reagan had in mobilising world opinion against acts of terrorism. In this self- appointed role as the guardian of peace in the world he has infringed the very rules which protect that peace. His eccentric and esoteric interpretation of the concept of democracy has been used repeatedly to interfere in the internal affairs of Sovereign States the world over whether it is in Lebanon, Grenada or Nicaragua.

After many years of upholding and supporting the Somoza dictatorship in Nicaragua the United States was suddenly confronted with the reckless determination of a people committed to the liberation of their country. In 1979 the Sandinistas were able to remove the dictatorship by consistent guerrilla activity and general warfare. The task of reconstruction was immense and the efforts of the Sandinistas were undermined by terrorists funded and supported by the United States claiming that the revolutionary process in Nicaragua did not conform to the requirements of Democracy. The Sandipistas in an effort to placate

international opinion called elections and President Ortega was elected by an overwhelming vote. President Reagan claimed to be unimpressed with the authenticity of the poll and continues to finance terrorist known as CONTRAS to fight against the Sandinista Government. So far the many lives lost in the jungle of Nicaragua through the efforts of these Contras do not excite the imagination of the media as much as individual terrorist acts around the capitals of the world.

Terrorism must be regarded as carbuncles on the world body politic and as such they are uncomfortable, irritating and dangerous. But they are symptomatic of a deeper pollution in the blood stream of the world. They indicate that the system is not healthy and needs purification. One does not solve the problem by simply cutting out the carbuncle but by purifying the blood system. The acts of terrorist highlight areas of conflict which cry out for the arbitration and attention of the world. Often the solution to such problems are tied up with the vested interest of large nations or the geo-politics of Superpowers and it is these irritating and apparently irrational acts of violence which are calculated to force solutions from intransigent and self-interested powers.

In the meantime while the bombs explode the Palestinians are still without a home and subjected to the horrors of their homelessness. The Irish remain divided. The South African Blacks suffer the inhumanity of a perverse Apartheid System... and LEVIATHAN REIGNS.

/12851
CSO: 3298/308

LITTLE KNOWN OF INQUIRY UNDER WAY ON POLICE COMMISSIONER

Castries THE VOICE in English 15 Jan 86 p 1

[Text]

AN official inquiry into the affairs of Police Commissioner, Cuthbert Phillips is now underway. It opened Monday behind closed doors in the High Court Chamber in Castries.

No details have yet emerged from the sessions and THE VOICE understands that they may last up to a week.

Phillips one of the most qualified Commissioners in the region, has been on leave since early last year and there has been a cloud of doubt over him continuing as Police Commissioner ever since the start of his vacation.

It has been frequently rumoured that Government has been dissatisfied with the Commissioner's performance in office. Those rumours have been denied by Cabinet Secretary, Victor Girard and Phillips himself.

Throughout the months of public speculation over Mr. Phillips' future, there has been no official Statement on the matter.

Rumours of government's displeasure with the conduct of the Commissioner gained wider currency during the so-called 'Yamaha Affair' in late 1984 and early 1985 in which it was alleged that there were a number of police irregularities.

Phillips was appointed Commissioner in late 1982 and has been very outspoken on questions of a

disciplined Force and the need to induct intelligent recruits into the ranks.

Since Phillip's leave, Andrew Frederick has been heading the Force in an acting capacity. Frederick has repeatedly remained non committal when asked about the Phillips affair by THE VOICE.

Mr. Phillips, who joined the Force as a Cadet Officer and rapidly scaled the promotion ladder, has been the subject of an intensive investigation for some time, THE VOICE was told, following complaints of alleged wrong doings made against him including some by other policemen.

During the investigation conducted by Deputy Director of Finance Norman Etienne he has been on extended leave. THE VOICE understands that

along the way he has been advised by the authorities to resign his post, but has refused to do so claiming innocence of the charges that have hurled at him.

THE VOICE understands that Mr. Phillip's protracted leave and the resultant inquiry has created deep divisions in the Force, where he still commands considerable support, undermining the image of the Force and the morale of policemen as well.

In the inquiry now underway to determine where he should be formally charged, Mr. Phillips is being represented by barrister Kenneth Monplaisir, who yesterday declined to speak to THE VOICE about the proceedings, saying he did not want to prejudice what was taking place.

ST LUCIA

PLP ORGAN CITES OPPOSITION EFFORTS TOWARD UNITY

Castries CRUSADER in English 18 Jan 86 p 2

[Editorial: "In Search of Unity"]

[Text] It is generally accepted in St. Lucia that there must be some consolidation of the Opposition Forces if the ruling United Workers Party is to be knocked from its perch. There is not much public appetite for savouring another term of Compton's blind-man's buff (or is it bluff?) but on the other hand the Devil that you know is preferable to the one that you don't know! And any makeshift Opposition package designed solely to cash in on the Government's poor public rating could take some stick from a media and an establishment that is hostile to all change.

On the eve of a long-awaited Congress of the Progressive Labour Party it is encouraging to note that the main theme of the Congress is UNITE FOR CHANGE. At a Pre-Congress Press Conference the Leader of the Progressive Labour Party stressed the point that the Unity envisaged is not only a union of the estranged elements of the PLP itself by an across-the-board Unity while will unite St. Lucians across the artificial barriers of Party affilia-

tion forging a strong national front against the many regional and international problems which hamper the development of St. Lucia.

This is undoubtedly a bold concept and given the historic jousting of the Parties in St. Lucian politics it seems unlikely that the United Workers Party adherents will lie meekly in a lion-and-lamb cosiness with the Labourites who have fought them for the better part of twenty years and defeated them roundly in 1979. Even the fusion of the two strands of the Labour Party which fell apart in 1981 seem almost too much to hope for with the SLP Leader in search of an inside track in St. Lucian politics and the PLP Leader no doubt feeling that his track-record and experience speaks for itself and should brook no opposition at this stage.

While the scenario looks complicated there are factors which throw a shadow of relief on the landscape. One is the fact that the Leader of the United Workers Party has virtually come to the

end of his tether both in terms of his own acceptance of the fact that he has run his course in terms of finding solutions to the knotty problems of economic growth, and also in terms of his own personal hankering after a less rigid and demanding lifestyle. Of course there are those who claim that the UWP Leader has no persona away from the rough-and-tumble of political life. They argue that his personality feeds on the power and perversion of politics and any divorce from this milieu would leave him too disoriented to survive as an integrated member of the St. Lucian Community. They cite the fact that he was anything but gracious after his 1979 defeat and developed a bitterness and a hatred which gave him the animus to wreak his revenge in a comeback effort.

The demise of the UWP Leader also creates a serious problem for the UWP in that the succession is anything but clear. The Leader ensured that he always stood head-and-shoulder above all his colleagues and brooked no challenge to his dominance. In effect the United Workers Party always looked like a One-Man-And-His-Dogs operation leaving the public no alternative choice in conceiving of a possible alternative Leader. Some political observers hold the view that the United Workers Party cannot survive the demise of its Leader since there is no serious rallying-point or personality focus within the Party. The upshot of all this is that Compton's demise might possibly open the way for the National Unity which has eluded the nation so far, the absence of which the Prime Minister complains so consistently about these days.

One of the disservices that the UWP Leader has done to St. Lucian politics is the introduction of men-of-straw into the political life of the island with the simple objective of having around pliable persons who could offer no challenge to his leadership. As tactically good as that might appear within a Macchiavellian context it has resulted in a number of non-descript persons occupying offices which they are ill-equipped to serve leaving the country itself desperately short in terms of efficiency and productivity. Even within the machinery of the United Workers Party itself there is some soul-searching going on about the suitability of the Attorney General to hold the position which he at present occupies and his general acceptance as a candidate for the Party. Another name is actively being canvassed in the constituency. Oddly enough the Attorney General is not the worst example of square pegs in round holes in the Government but the focus on him underlines the nature of the problem.

The concept of National Unity envisages a rationalisation of the resources of the country and one of the central problems of Small Third World Mini-states is to find an identity between the man who could muster the local vote and the man who has the technical skill and competence to run a Ministry efficiently. The United Workers Party in its candidate selection concentrated exclusively on finding winning candidates with absolutely no regard for the question of efficiency in running the Government or manning specific portfolios. The legacy St. Lucia has reaped for this kind of opportunism is gross inefficiency and mismanagement at a time

when it is crucial to maximise the efficiency and performance of the economy.

The search for National Unity should result in finding the best material to shine out in reconstructing our battered economy and putting an end to the irregularities that plague the country. The interest in this weekend's PLP Congress will turn on whether it can set the mood for a National re-thinking and bypass the petty partisanship and self-seeking which has paralysed our country and impeded any serious national thrust.

The test is to find out whether it is really possible at this juncture for St. Lucians to UNITE FOR CHANGE.

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CSO: 3298/308

ST LUCIA

COMPTON COMMENTS ON ISSUES OF CARIBBEAN UNITY

Port-of-Spain TRINIDAD GUARDIAN in English 21 Jan 86 p 5

[Unsigned article: "Compton Favours Regional Court; Cool on Federation"]

[Text]

BRIDGETOWN, Jan. 20, Cana — SAINT LUCIAN Prime Minister John Compton supports the establishment of a Court of Appeal for the Caribbean Community (Caricom), but is cool toward the idea of a regional Parliament.

In a newspaper interview published here yesterday, Mr. Compton said Caricom States should give very, very serious consideration to the proposal for a unified Appeals Court.

"It will be one further step along the road to West Indian unity. We should focus our minds on the administration of justice, so that we have one common court, one common set of rules, and one set of judges to whom we can turn for the resolution of our difficulties," Mr. Compton, a lawyer, said.

The final Court of Appeal for most Caricom nations is Britain's Privy Council.

But the "Sunday Sun" newspaper said the Saint Lucian leader, speaking in New York, was less than enthusiastic about proposals for a Caribbean Parliament.

Mr. Compton said while he thought the idea should be studied, he was fearful that some politicians would use the Parliament as a platform to attack each other and promote discord in the region.

"Although I support the concept of a West Indian Federation, I don't know if a Caribbean (Parliament) would take us any further..."

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CSO: 3298/308

PUBLIC OPINION ON GOVERNMENT, CONGRESSIONAL PERFORMANCE

Leaders' Management, Popularity Polled

Montevideo BUSQUEDA in Spanish 3 Jan 86 p 32

[Text] At the end of 1985, the polls taken for BUSQUEDA by the firm Associated Consultant Teams brought as a result a gradual, steady decline in the popularity indexes evoked by Congress, business owners, the executive branch's administration and the three principal political leaders: Julio Sanguinetti, Wilson Ferreira, and Liber Seregni.

Nevertheless, there is one exception: During the three surveys conducted between November and December of the popularity of the labor unions in the capital, their image improved. No figures are available on the opinion gleaned at the beginning of the year, and hence it is impossible to establish a trend over a longer period.

Congress and the Executive Branch

In June, 51 percent of Montevideans approved of the legislative branch's management, while 30 percent expressed neutrality. Only 6 percent disapproved of the congressional administration. The net result for the popularity of its management (which originates from a subtraction of the disapprovals from the approvals) was very high at that time: 45. However, at the year's end (a survey taken during the 4 weeks preceding Tuesday, 24 December), the net result of congress' popularity continued to be positive; but there was a decline to 9; at that time, 33 percent approved of its management, 34 percent expressed neutrality ("neither approving or disapproving") and 24 percent disapproved of it. The most abrupt drop for the congressional management took place between the first and second survey ordered by BUSQUEDA (June and July).

Meanwhile, the government administration of Sanguinetti (and we are not referring here to the president's personal popularity, but rather to the opinion of his governmental action) experienced a similar process. His net result is always lower than that of Congress. This is so because, whereas the Montevidean will always find his political sector represented in Congress, which prompts him to weigh his judgment, the presidency is exercised by a person who represents one party and one specific sector within that party.

Up until July, the capital residents showed a positive net result for the president's administration. Later, the net judgement became negative; in other words, there were more Montevideans who disapproved of Sanguinetti's management than there were approving of it.

The relatively great clout that the Front members have in the capital, if compared with what they have in the interior, largely explains the result that Sanguinetti's administration receives in Montevideo for 1985.

The Three Leaders

The only one of the three principal political leaders to retain a net result for popularity that is positive is Seregni, leader of the left. In December, whereas 43 percent of Montevideans said that they had "great sympathy" or "sympathy" for him, 37 percent expressed "antipathy" or "great antipathy"; while 13 percent claimed to be neutral, and 8 percent had no opinion.

Although it has been negative since October, Sanguinetti's net personal popularity result improved between November and December. At the beginning of the year, Montevideans gave a very wide margin of positive popularity to the president; but, at the end of the year, the result is negative (-1). In December, his ratings are as follows: 40 percent, "sympathy" or "great sympathy"; 41 percent, "antipathy" or "great antipathy"; 13 percent expressing neutrality; and 6 percent "don't know" or have "no answer."

But for some exceptions found in November, during the entire year the public in Montevideo consistently considered the president's personal image better than his administration as head of the executive branch. In other words, people express more sympathy for Sanguinetti personally than for the action that he has taken as head of the government.

The Blanco leader, Ferreira Aldunate, for his part, shows a net popularity result lower than that of the three considered. The capital residents' overall judgment of him personally declined abruptly between October and December: from -2 to -16. Ferreira had a positive net popularity result up until June. In December, however, 32 percent of the capital residents claimed to have "great sympathy" or "sympathy" for him; 48 percent had "great antipathy" or "antipathy" for him; 14 percent expressed neutrality ("neither sympathy nor antipathy"); and 7 percent had no opinion.

From the beginning of the year until July, the decline in the three leaders' popularity was severe and even. After that month, Seregni's appeared more stable, whereas that of Sanguinetti and Ferreira Aldunate showed marked ups and downs (see graph).

Apart from the consideration of some cyclical variations, the leader's high degree of prestige at the beginning of the year is explained by the euphoria following the political openness; while the subsequent decline is a result of the erosion inherent in government or opposition action: The "honeymoon" between the politicians and the public, or the period of initial credit, has ended.

Trade Unions and Business Owners

Based on the three surveys taken by "Teams" during November and December, regarding the opinion of the performance of trade unions and business owners, the former's image is positive and heightening, while that of the latter is markedly negative and declining.

In comparison with other countries, the Uruguayan usually shows little sympathy for business owners. For example, in December only 20 percent of Montevideans claimed to have "sympathy" or "great sympathy" for them, whereas 42 percent said that they felt "antipathy" or "great antipathy."

The net result of public opinion in Montevideo regarding business owners is, therefore, -22, in December. On 19 November, that result was -9, and at the end of that month, it was -18.

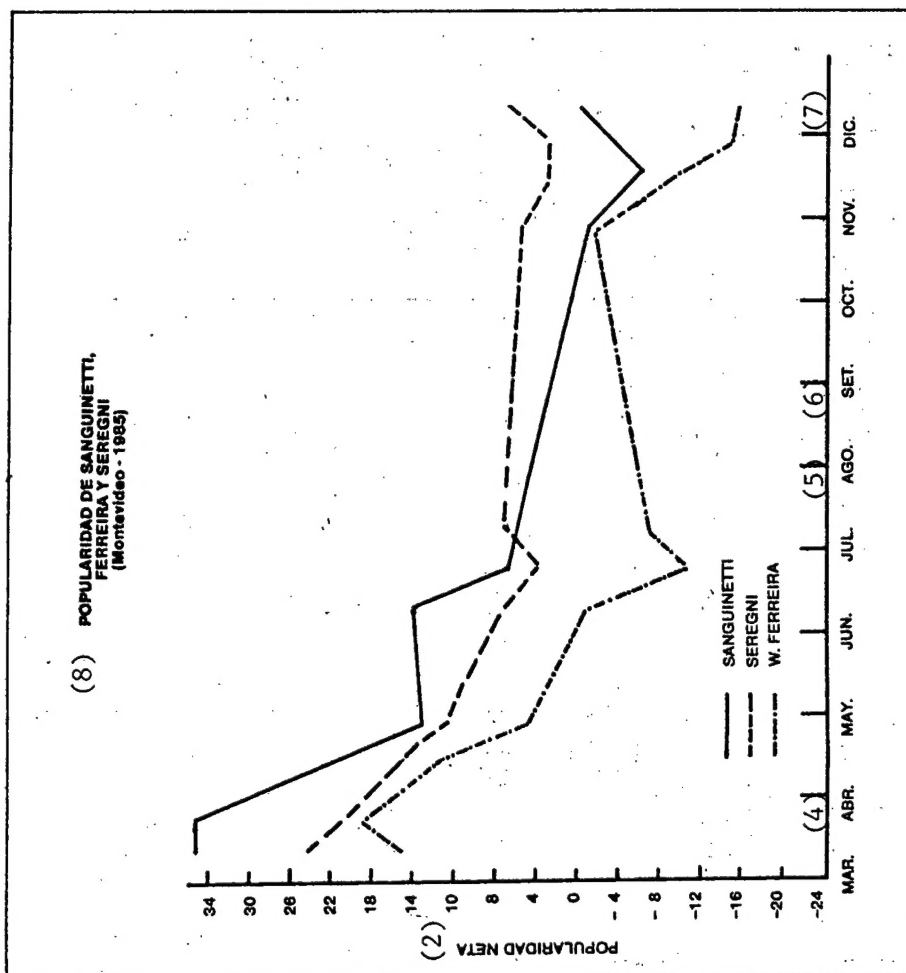
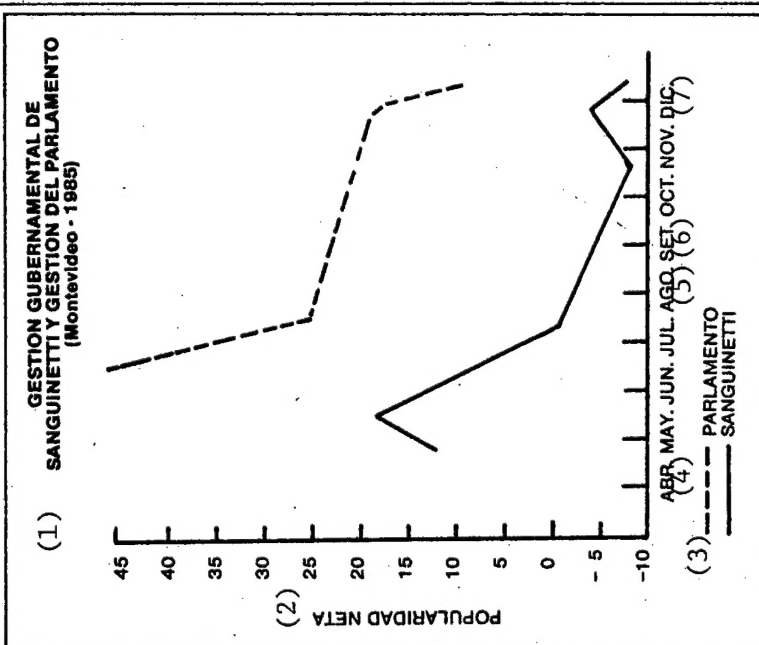
On the other hand, the image of the trade unions is positive and, moreover, has improved between November and December. The events at the PIT [Interunion Workers Plenary]-CNT [National Convention of Workers] congress appear not to have had a negative effect on the federation's image; but rather, on the contrary, may have improved it.

In December, 35 percent of the Montevideans interviewed claimed to have "sympathy" or "great sympathy" for the unions, while 26 percent felt "antipathy" or "great antipathy" for them; which makes a favorable net result of 19. That result was 12 on 19 November, and 15 a week later.

Note: The firm Associated Consultant Teams will not take public opinion polls during January; and hence BUSQUEDA will offer again its usual records (on popularity of business owners and trade unions, Congress, the president, and political leaders, as well as on the expectations of inflation and the progress of the economy), during February.

Key to Graphs:

1. Government management of Sanguinetti and management of Congress
2. Net popularity
3. Congress
4. Apr
5. Aug
6. Sep
7. Dec
8. Popularity of Sanguinetti, Ferreira and Seregni



Sanguinetti Rated Above Congress

Montevideo EL DIA in Spanish 2 Jan 86 p 5

[Text] According to a poll taken by Gallup Uruguay, President Julio Maria Sanguinetti received a better grade than Congress in 1985.

In a sampling taken in Salto, Rivera, Rocha and Tacuarembó, on the occasion of the presidential visits to those cities, 36 percent of those interviewed rated Sanguinetti's government performance "very good," while only 11 percent applied the same description to the work of Congress.

The meager 11 percent that considered Congress' performance "very good" was headed by sympathizers of the Colorado Party (14 percent), while only 11 percent of the Blancos and a mere 3 percent of the Broad Front members gave that rating; despite the fact that the combined congressmen from both opposition groups have a majority in the Chambers of Deputies and Senators.

In response to the question as to how they would rate Sanguinetti and Congress "if they had to give them a grade, as in school," those interviewed in these four cities answered:

Sanguinetti: very good, 36 percent; good, 41 percent; fair, 18 percent; poor, 2 percent; very poor, 1 percent; no opinion, 1 percent.

Congress: very good, 11 percent; good, 41 percent; fair, 31 percent; poor, 2 percent; very poor, 2 percent; no opinion, 13 percent.

Eighty-seven percent of the same individuals interviewed approved of the president's trips to the interior as "useful." The figure included 97 percent of the Colorados polled, 79 percent of the Blancos; and 70 percent of the Broad Front members; and 12 percent claimed that they are not useful, while 2 percent declined to answer.

Fifty-nine percent said that unemployment and lack of job sources constitute the country's main problem. They were followed, as the most serious problems in the opinion of those interviewed, by the low wage level (33 percent) and the foreign debt (27 percent).

Views on Tax Increase, Distribution

Montevideo EL DIA in Spanish 2 Jan 86 p 6

[Text] Over a third of the population refuses to contribute a single peso in new taxes to increase government appropriations for health and education, and nearly another third would only agree to pay less than 50 new pesos per month for those purposes, according to the disclosures from a poll by Gallup Uruguay.

The polling of 1,500 persons in Montevideo and other cities in which 60 percent of Uruguay's urban population resides indicated that, although there is a

favorable opinion toward improving the funds for health and education, the majority are opposed to accepting new taxes for the purpose of ensuring such funds.

The sampling was made by Gallup at a time when the national budget bill for the 5-year period 1985-89 was undergoing its final phases. Its deficit was increased 60 percent by the combined majority of the National Party and the Broad Front in Congress, by raising appropriations especially for health and education. The government and the Colorado Party were opposed, claiming that, to prevent an uncontrolled rise in inflation, it would be necessary to establish new taxes to cover the additional appropriations.

The results of the poll indicated the unpopularity of taxes that must be established to finance the increase in the budget approved by the Blancos and Broad Front members.

When each one interviewed was asked how he would distribute public spending, the responses were: health, 28 percent; education, 25; retirement fund, 20; housing, 10; development, 10; and national defense, 7.

But when they were asked how much each would contribute in new taxes monthly, to cover increased appropriations for health and education, the responses were:

Nothing, 35 percent; 50 new pesos or less, 31 percent; 51 to 100, 18 percent; 101 to 200, 7 percent; 201 to 300, 4 percent; 301 to 500, 2 percent; 501 to 800, 1 percent; 801 to 1,000, 1 percent; over 1,000, no one.

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